

**FBIS**

# DAILY REPORT

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*China*

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HU YAOBANG ON TIES WITH CAMBODIA, VIETNAM, USSR

PM021001 Milan L'UNITA in Italian 31 Mar 85 pp 1, 19

[Siegmond Ginzberg dispatch: "Conversation With Hu Yaobang Rangs From Cambodia to USSR"]

[Text] Beijing -- Yes, on his visit to Australia Hu Yaobang will also discuss the possibility of a negotiated solution to the thorny Cambodian-Vietnamese problem. He confirmed, albeit within a context of prudent realism, Beijing's new attention toward the new leadership in Moscow. He did not rule out a possible exchange of visits some day between himself and Gorbachev. But he did stress China's jealous independence and autonomy with respect to both Moscow and Washington. He confirmed that on the domestic plane the emphasis at present is on prudence, on not making a false step, but that there is a determination to carry on with the policy of reforms. This year's major political event, to which the CPC general secretary is devoting most of his energy, is the conference on party organization scheduled for September, whose objective is a further rejuvenation of the composition of the Central Committee and Politburo. He looks forward to meeting with [PCI Secretary General] Alessandro Natta when that is possible.

To tell the truth, there were no plans for an interview or for a review of such a broad range of topics in our conversation. We had asked Hu Yaobang to answer some questions for an interview to be published in L'UNITA's special insert devoted to Berlinguer. He provided us with a moving document in his own hand which praises Berlinguer's "thinking big" on the subjects of peace and war and of new relations between the wealthy North and the underdeveloped South of our planet and which expresses admiration -- leaving no doubts about where China's sympathies lie with regard to the social struggles in Europe -- for his resolute stance in the defense of workers' interests. This is what he decided to write about -- and in China's millenia-old culture the written word carries much more weight than the spoken word; it is something in which each written character has its own function, combining a multiplicity of subtle nuances and conceptual notions and evoking much more than the spoken sounds can: Chinese poetry consists of the interrelationship of written characters, not of sounds. Then he wanted to see us and to discuss many other topical issues -- not for a formal interview but for a comradely exchange of ideas, he stressed.

He received us at Zhongnanhai, the "sea of the center and the south," which used to be part of the Forbidden City and around which the maze of CPC Central Committee buildings is built. Shortly before that we met in the same room with Japanese Liberal Democratic Party Deputy Chairman Nikaido, who conveyed a letter from Nakasone. As we can see from the XINHUA dispatches, with him Hu stressed the independence of Chinese foreign policy. Not far away the parliament session was under way in the palace of the People's Congress: A very lively debate was going on on the new problems arising with the reforms. In a few days' time Hu will be leaving on a long visit to Australia and other countries of the region.

We know that Hu is an avid reader of foreign press reviews. In this he had something in common with Berlinguer, who succeeded in having Secretariat and directorate meetings start a little later so that he could read the newspaper thoroughly. Hu will certainly have read the article a couple of weeks ago in which -- in contrast to those who saw only the gathering clouds of war -- we put forward the hypothesis that the time may now have come for negotiations between China and Vietnam and that this could be one of the points on the agenda for talks with Australian interlocutors, following their diplomatic tour de force and in view of their declared desire to mediate in Southeast Asia. Sihanouk, head of the anti-Vietnamese coalition, said in Wellington that without negotiations there is no hope of stability. Soviet Deputy Foreign Minister Kapitsa said in Canberra that the USSR is willing to take part in an international conference on Cambodia.



On his return to Canberra from Hanoi, Australian Foreign Minister Hayden referred to some "very confidential" proposals made during his 45-minute private meeting with Nguyen Co Thach. What are the current factors affecting prospects for negotiations?

It was Hu Yaobang who broached the issue. He said that he is going to Australia to reaffirm the friendship between the two countries and -- he admitted frankly -- to encourage economic relations. It is certain, however, that Vietnam and Cambodia will also be discussed. He revealed that as early as February last year he told Australian Prime Minister Hawke about the four points on which Beijing believes a negotiated solution could be reached:

- 1 -- a pledge from the Vietnamese to withdraw their troops from Cambodia, following which negotiations could begin between Beijing and Hanoi to return to their traditional friendship.
- 2 -- the border between Cambodia and Vietnam could be supervised by a multinational force.
- 3 -- recognition of the national unity government headed by Sihanouk and a guarantee of an independent peaceful, neutral, and nonaligned Cambodia.
- 4 -- the establishment of friendly and good-neighborly relations among all the Indochina countries (Vietnam, Cambodia and Laos) and the six ASEAN countries. It will not be easy. Hanoi does not want to negotiate with the Khmer Rouge: It will only negotiate with Sihanouk. Beijing cannot agree to the Khmer Rouge being excluded from the negotiations. At first sight the problem seems insurmountable. But if Sihanouk represents the Khmer Rouge as well, could this not be a solution to the deadlock? The Chinese are doubtful about Hanoi's "sincerity." Perhaps they believe that the aim is to split the three-way coalition headed by Sihanouk, not to engage in earnest negotiations with Sihanouk. There is strong mistrust on both sides. But at last one basic factor seems to be emerging: At this stage Beijing believes that the only solution is a negotiated one -- the only solution for Vietnam too, since the resistance in Cambodia will continue and not even Hanoi can consider extricating itself from its predicament by means of a purely military solution. It has indeed captured the bases, but it has not succeeded in annihilating the guerrillas. It will not be easy, and it will probably take more time. For instance, the time does not yet seem quite ripe for an international conference because not all the sides involved (probably starting with the Khmer Rouge) are in favor of the idea.

Our conversation was becoming very lively. We asked Hu Yaobang point-blank: In a few years' time could the conditions exist for an exchange of visits between Gorbachev and him? Hu is not the kind to let himself be intimidated by mean questions. He laughed: "who knows," he replied. He stressed that Beijing sincerely wants to improve relations with Moscow. The emphasis, the stress, was once again on the "sincerely." His bright little eyes darted: "What about you?" he said, unexpectedly turning the question around: "What do you think?" From what I have read, I replied, it seems to me that there are great hopes. You took your chance immediately after Gorbachev's appointment. A spokesman of your Foreign Ministry reasserted unequivocally that "the Soviet Union is a socialist country." RENMIN RIBAO gave prominent coverage to declarations of "realism" and of the desire to proceed to domestic reforms: It seemed almost as though the intention was to ascribe to the new Soviet leadership the desire to "seek truth from facts," as you put it. Alain Jacob, writing in LE MONDE, goes as far as to wonder whether Gorbachev could be for the USSR what Deng is for China. I also noticed in the U.S. press that there is some alarm about all this. Perhaps in the final analysis the basic problem is precisely that both Washington and Moscow, even though they do not say so outright, have the idea that China must take sides one way or the other or at least a little more one way than the other, in other words, that "third ways" are impossible.

"We state clearly, however," Hu stressed, "that we are independent and that we are not going to align with either side. Being independent and autonomous means not being subordinate to any major power, to any group or bloc of powers. Not being subordinate means nonalignment. And we want to be nonaligned, so as to have more friends, so as to have the broadest possible range of relations. Being subordinate would prevent anyone from having such a large number of friends. Furthermore, if a country is subordinate it can ultimately become fettered. We believe, however, that precisely a China that is neither aligned nor subordinate can facilitate world peace."

This is the more complete formulation of the major novelty that characterizes Chinese foreign policy -- an active nonalignment for the sake of more initiative and more "friends" with a specific objective in mind: to contribute to peace and detente. No longer, as in the past, an anti-U.S. and anti-Soviet China, nor a China that simply watches on from its splendid isolation. But a China that is "neither anti-American nor anti-Soviet" and that speaks out for detente between Washington and Moscow, that is opposed to the deployment of new missiles on either side, and that declares it necessary in Geneva to prevent the arms race in space at all costs. Hu Yaobang became somewhat pensive, his eyes narrowed still further. He said that it is not yet equally clear what the Soviets think. The interpreter corrected himself after a reference to "the Soviet comrades." He said that their approach to things is marked by a stagnation that is not easy to change quickly. And that the experiences of recent decades do not permit a rapid improvement to be foreseen in relations between the two states and the two parties -- this idea of a resumption of relations between the two parties as well is a major novelty. He did not say that there is no hope. He said that "the hopes are still vague."

Up to this point we had discussed mainly foreign policy. But what are the issues that take up most of a CPC general secretary's day? In other words, to what does Hu Yaobang devote most of his attention, what are the issues that take up most of his time, and most of the working time and attention of the Chinese Communist leader? Matters of foreign policy, those of the economy and reform, or those of domestic policy?

Hu made the following observation: International issues are important -- he had just handed us a document, the one on Berlinguer, which calls the issue of peace and war "the principal issue for mankind today" -- but added that "international developments are largely not dependent on us," in other words, that China can indeed play its own part but that this part is limited by China's objective influence on the major issues of world affairs. And, on the other hand, what China manages to do on the international plane will depend largely on what it manages to do within the context of its own internal problems.

As far as his work as party general secretary is concerned, it is apparent that he has concentrated mainly on political work. The deadline on which people are working is the organization conference to be held in September, 3 years after the 12th congress. Obviously Hu did not use these actual words, but if there is one thing that keeps him from sleeping nights, this must be it. The stakes are high: It is a matter of further rejuvenating the Central Committee and Political Bureau by introducing new forces. Hu called it "a matter of the utmost importance," adding, however: "It is being dealt with by all of us, not just me." In the last resort this generational, and certainly also political consolidation will govern the future and the rate of progress of what the party newspaper a few days ago called the "social experiment of unprecedented dimensions" -- by no means simple and on a huge scale -- that is under way in China.

I. 2 Apr 85

PRC INTERNATIONAL AFFAIRS  
UNITED STATES

B 1

REAGAN RECEIVES 'POSITIVE' REPLY FROM GORBACHEV

OW020918 Beijing XINHUA in English 0907 GMT 2 Apr 85

["Reagan Receives Positive Reply From Gorbachev to Summit Proposal" -- XINHUA headline]

[Text] Washington, April 2 (XINHUA) -- U.S. President Ronald Reagan has reportedly received a positive response from new Soviet leader Mikhail Gorbachev to his proposal for a summit meeting.

Reagan told THE WASHINGTON POST in an interview that he had received a message from Gorbachev and he was hopeful about a summit meeting in the U.S. but he declined to say what the Soviet leader had said in the message, nor when the message was received. White House aides later told the POST that the response "is positive."

Vice President George Bush conveyed Reagan's invitation to a summit to the Soviet leader when he attended the funeral of the late Soviet leader Konstantin Chernenko last month. U.S. Administration sources said that Gorbachev was not committal at that time.

In the invitation, Reagan suggested that the meeting take place in the United States, and last week suggested New York in September, coinciding with the opening of the U.N. General Assembly.

WASHINGTON SOIREE FETES OUTGOING PRC ENVOY

OW292028 Beijing XINHUA in English 2001 GMT 29 Mar 85

[Text] Washington, March 29 (XINHUA) -- The U.S.-Asia Institute hosted a dinner party here last evening to bid farewell to outgoing Chinese Ambassador Zhang Wenjin.

About 100 people from all walks of life attended the party. Both the host and Ambassador Zhang in their toasts spoke of the growing relations between the two countries and expressed confidence that such relations will grow further.

Retired Admiral Hyman G. Rickover announced at the party that the Admiral Rickover Foundation will invite five Chinese middle school students to study at the Rickover Science Institute this year. The Chinese ambassador expressed his appreciation and wished the project success.

COMMENTARY VIEWS U.S. PROPOSAL, DEBATE ON MX

OW301240 Beijing Domestic Service in Mandarin 1150 GMT 29 Mar 85

["International Current Events" commentary: "The United States Increases the Pace of Upgrading Nuclear Weapons"]

[Text] Recently, the U.S. Congress had a dispute over the MX intercontinental missile issue. Under President Reagan's direct influence, the Senate and the House of Representatives preliminarily both passed by a small majority the Reagan administration's proposal to allocate \$1.5 billion this year to produce 21 MX intercontinental missiles. The United States has taken another step in the source of accelerating the updating of nuclear weapons.

The MX intercontinental missile is a new nuclear guided missile. Based on the Minuteman III, the MX has been redesigned and improved with the latest science and technology. With a total length of over 21 meters and a range of 12,000 km, the MX intercontinental missile can be equipped with 10 independently targeted nuclear warheads.



Its throw-weight has been increased by 300 percent and percentage of hits by 100 percent over the Minuteman III. Moreover, the MX is easier to move.

The experimentation, production, and deployment of MX missiles to replace the existing land-based intercontinental missiles is an important step by the United States in updating its nuclear weaponry systems.

A plan for developing MX missiles was first initiated when Carter was president. However, for various reasons the plan aroused extensive debate among the ruling and the public circles in the United States. These reasons included the plan's high cost and the fear that the Soviet Union might be irritated, thus prompting it to step up research and manufacturing of the fifth-generation missiles.

At first, Reagan had reservations about the plan. But since he took office, he has instituted a policy of the so-called restoration of U.S. national prestige and has quickened the pace of updating nuclear weapons. Hence, developing MX intercontinental missiles has become an important element in the Reagan administration's military expansion project.

Several changes and adjustments have subsequently been made in the original MX missile proposal, such as narrowing the scale of deployment and strengthening protection for MX missile bases. They have taken into consideration different opinions from various circles and have also preserved the substance of developing new missiles, thus facilitating the plan's implementation.

After the proposal to allocate funds for producing MX missiles this year was submitted to the Congress, it still caused a lot of congressional debate. Quite a few congressmen, who objected to the plan, worried that approving the proposal would bring even greater difficulties to the government finances because the United States is suffering mounting deficits. The Reagan administration therefore made intensive efforts to win the congressmen's support. The administration emphasized that the development of MX missiles was not only necessary to increase U.S. nuclear power but also to ensure the U.S. bargaining position in the U.S.-Soviet negotiations in Geneva. Reagan especially called Kampelman, chief U.S. representative to the Geneva negotiations, back to Washington to persuade the Congress.

On 19 March, as the Senate was about to vote on the proposal, Reagan invited a number of wavering senators to lunch and told them that should the MX missile plan fail to materialize, the U.S. national defense would be seriously weakened. That very afternoon, just a few minutes after the Senate had voted on the proposal, Reagan issued a statement saying that the vote demonstrated the U.S. determination to the whole world and that MX missiles would enhance U.S. strength and its position in the Geneva negotiations.

The debate was even more heated in the House of Representatives. The proposal was finally passed by a small majority of six votes. Many congressmen believed that the vote for the plan was primarily aimed at supporting the U.S. position in the Geneva negotiations.

The dispute over the MX missile issue shows that the U.S. Government's nuclear strategy is to accelerate the updating of its nuclear weaponry system and develop new nuclear arms in order to hold nuclear disarmament talks with the Soviet Union on the basis of strengthened nuclear power.

PRC-USSR DOCUMENT ON TRADE, TRANSPORT SIGNED

OW011838 Beijing XINHUA in English 1831 GMT 1 Apr 85

[Text] Moscow, April 1 (XINHUA) -- A Sino-Soviet document on trade and transport for 1985 was signed here today.

"This is a good document satisfactory to both sides," said Zhao Weichen, deputy director of the Chinese State Economic Commission, who signed the document for the Chinese. "This is also another demonstration of the development of the trade relation between the two countries."

Zhao's counterpart, Yuriy Brezhnev, first vice-minister of the Soviet Foreign Trade Ministry, said that the signing was one logical step toward the development of relations between the two countries. "We have done an important and significant work," he said. The two promised efforts for the implementation of the document.

The Chinese delegation led by Zhao came to Moscow on March 17. The visiting officials exchanged views with their Soviet counterparts on long-term transport issues. They also visited Odessa and Leningrad. They leave for home tonight.

ZHANG CHENGXIAN ON NPC DELEGATION'S VISIT TO USSR

OW011041 Beijing in Russian to the USSR 1800 GMT 30 Mar 85

["Our Friendship Page" program]

[Excerpts] Dear Soviet radio listeners, the PRC NPC delegation led by Zhang Chengxian, member of the PRC NPC Standing Committee paid an official friendship visit to the Soviet Union from 3 to 14 March. After the delegation returned to Beijing we asked Comrade Zhang Chengxian to deliver a radio talk to Soviet comrades and friends. In today's page of friendship you will hear his talk.

[Begin Zhang Chengxian recording in Mandarin fading into Russian translation] Dear Soviet comrades and friends, at the invitation of the USSR Supreme Soviet, from 3 to 14 March this year, the PRC NPC delegation paid an official friendship visit to the Soviet Union.

This visit has played a positive role in deepening mutual understanding between the two countries, strengthening friendship between our two peoples, further development relations between the parliaments of the two countries, and further developing Sino-Soviet friendship.

The visit was successful and we are satisfied. Allow me here to express to the USSR Supreme Soviet, the Council of the Union and the Council of Nationalities of the USSR Supreme Soviet, the Moscow City Soviet, the Ukrainian Supreme Soviet, and the Leningrad City Soviet heartfelt gratitude for the warm and friendly welcome offered to the PRC NPC delegation, and taking this opportunity I once again transmit to the Soviet people heartfelt greetings and best wishes.

The current friendly visit of the PRC NPC delegation to the Soviet Union is the first contact between the parliaments of the two countries after a many year interval in their relations. It signifies further improvement of relations between China and the Soviet Union and is of great importance.

During its visit to the Soviet Union, the PRC NPC delegation was received by Comrade Kuznetsov, first deputy chairman of the USSR Supreme Soviet Presidium. He expressed satisfaction at the renewal of relations between the USSR Supreme Soviet and the PRC NPC and spoke in favor of a serious improvement in relations with the PRC. The chairman of the Council of the Union and the Council of Nationalities of the USSR Supreme Soviet



We are gratified to note that in the past few years, relations between our two countries have made satisfying progress in many fields. The success of our delegation's visit is a new development reached in the course of development of relations between the two countries over the past few years in the economic, trade, scientific, technical, cultural, and education fields. We shall continue to apply our efforts in order to contribute to further developing relations between the parliaments of the two countries and we shall make our contribution to the constant development of Sino-Soviet relations in all the fields.

During the visit to the Soviet Union, we had the opportunity to familiarize ourselves with the activities of the USSR Supreme Soviet and its standing commissions and exchange experiences with our colleagues.

During conversations we found out that there are many common points in the work of the parliaments of our two countries, and yet the Soviet side has gained considerable experience which we should study and adopt. Our visit took place after the successful elections to the soviets of the union republics of the USSR and local soviets, and because of that we had the opportunity to become familiar with the important role of the soviets in the political life of the people. We saw with our own eyes how the Soviet Union is trying to improve the influence and prestige of the soviets at all levels and the active role of people's deputies. The great work you have done in this field has left a deep impression on us. In the Soviet Union we had the opportunity of visiting Moscow, Kiev, and Leningrad. [end recording]

In conclusion, Zhang Chenxian, leader of the PRC NPC delegation said:

[Begin Zhang Chengxian recording in Mandarin fading into Russian translation] Dear comrades and friends, the people of China and the Soviet Union are great people. The people of China and the Soviet Union have traditional ties of friendship. Improvement of the friendship between people of China and the Soviet Union, the further development of relations between China and the Soviet Union meets the interests and aspirations of the Chinese and the Soviet people, and contributes to peace and stability in the whole world. We sincerely wish that with the efforts of both sides, the relations between China and the Soviet Union will develop constantly in all fields.

In conclusion allow me once again to express heartfelt gratitude for the warm and friendly reception offered by the Soviet people to the PRC NPC delegation. [end recording]

1. 2 Apr 85

PRC INTERNATIONAL AFFAIRS  
NORTHEAST ASIA

D 1

FURTHER ON VISIT BY JAPAN'S NIKAIDO TO PRC

Leaves for Shanghai

OW290824 Beijing XINHUA in English 0755 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- Susumu Nikaido, vice-president of Japan's Liberal Democratic Party, and his party left here this morning for a visit to Shanghai.

Nikaido gave a return banquet yesterday evening at the Great Hall of the People. Wu Xueqian, Chinese state councillor and foreign minister, was present.

Visits Baoshan Steel Works

OW291221 Tokyo KYODO in English 1208 GMT 29 Mar 85

[Text] Shanghai, March 29 KYODO - Susumu Nikaido, vice president of the ruling Liberal-Democratic Party, and his group flew into Shanghai from Beijing Friday afternoon and visited Baoshan steel works here.

The Baoshan steel works, which was constructed with credits and technical cooperation from Nippon Steel Corp., is scheduled to have its No 1 furnace kindled initially in September this year. Its annual production capacity is three million tons.

At the steel works, Nikaido said he hoped that Japan-China relations would develop through these projects and that he would make his best efforts towards this end. Nikaido toured the vast plant site by car. He got out of the car at the pier for unloading raw materials, which projects into the Yangtze River. Nikaido was so impressed by the vastness of the river that he remarked, its like the Pacific Ocean.

Feted by Shanghai Mayor

OW301912 Shanghai City Service in Mandarin 0100 GMT 30 Mar 85

[Excerpt] Speaking at a welcoming banquet given by Mayor Wang Daohan, Susumu Nikaido, vice president of the Japanese Liberal Democratic Party, said: Shanghai holds a special affection for me. Japan, one of China's close neighbors, separated only by a strip of water, has pledged to forever take the four principles of Japan-China friendship as a guide and coexist with China in peace and friendship.

Mayor Wang first proposed a toast. On behalf of the municipal government and the people of Shanghai, he extended a warm welcome to Susumu Nikaido, an old friend, and his party.

In his return toast, Susumu Nikaido said with deep affection: Thirteen years ago, I, former Japanese Prime Minister Tanaka, and the late Foreign Minister Ohira visited your country. After exerting what little strength I had in helping to normalize relations between Japan and China, and rejoicing in a mission fulfilled and embracing a sense of thankfulness, I visited Shanghai. I deeply feel that compared with that time, Shanghai has made marked progress and is now playing an important role in China's economic construction.

On the afternoon of 29 March, Susumu Nikaido and his party visited the Baoshan iron and steel complex in the company of Vice Mayor Ye Gongqi.

Leaves Shanghai for Home

OW311130 Beijing XINHUA in English 1120 GMT 31 Mar 85

[Text] Shanghai, March 31 (XINHUA) -- Susumu Nikaido, vice-president of Japan's Liberal Democratic Party, left here for home this afternoon.

1. 2 Apr 85

D 2

PRC INTERNATIONAL AFFAIRS  
NORTHEAST ASIA

At a return banquet before his departure, Nakaido said he believed that his meeting with Deng Xiaoping, Hu Yaobang, and other Chinese leaders during his stay in China had further enhanced the friendly relations between the two countries. He pledged to work still harder for friendship between Japan and China which, he said, had a bearing on the peace in Asia and prosperity of the two countries.

Nakaido and his visiting party were seen off at the airport by Qi Huaiyuan, assistant foreign minister, and Ye Gongqi, vice-mayor of Shanghai.

#### PENG ZHEN ATTENDS JAPANESE TEA CEREMONY

OW301054 Beijing XINHUA in English 1031 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Japanese teamster Soshitsu Sen entertained Peng Zhen, chairman of the Standing Committee of the National People's Congress, here this morning at a Japanese tea ceremony. Peng, who is to visit Japan, said tea was a bond of friendship between the Chinese and Japanese. Sen, the 15th teamster of the "Wurashenke" school, had visited China a number of times, meeting Deng Xiaoping, Li Xiannian, Deng Yingchao and Wang Zhen.

At 10:00 this morning when Sen and his party entered the meeting hall, Peng shook hands and exchanged greetings with them. Sen told Peng Zhen the tea was specially prepared for the ceremony, Peng said the Chinese regarded tea as an expression of friendship, so that the Japanese ceremony linked their countries. Japan's tea was introduced from China 800 years ago and planted around Kyoto in quantity, said Sen, who will present some saplings to China.

Peng said the cultures of the two peoples had long been in close contact. He also noted the similarity of soil and climate for tea planting. Peng praised the tea, water and cups and served Sen according to the ceremony. Sen invited Peng Zhen to visit Kyoto, where his tea house is, during Peng's visit to Japan.

#### PRC-JAPAN HIGH-LEVEL MEETING ENDS IN TOKYO

OW271904 Beijing XINHUA in English 1838 GMT 27 Mar 85

[Text] Tokyo, March 27 (XINHUA) -- China and Japan ended their sixth annual high-level meeting for consultations here today with agreements on cooperation between their medium-and-small-sized enterprises and other projects.

Ma Yi, vice minister of the Chinese State Economic Commission, and Keiichi Konaga, Japanese administrative vice minister of international trade and industry, headed the two sides at the meeting held at the latter's ministry. The two sides agreed to put into the summary of the meeting the ways and forms of economic and technological co-operations between the medium-and-small-sized enterprises of the two nations.

Other cooperative projects agreed upon include Japan's assistance in the technological reform of the existing Chinese enterprises and the cooperation between China and the Industrial Technology Institute of the Japanese Ministry of International Trade and Industry.

The two sides also briefed each other on their economic situation and future developments.

Ma Yi his delegation arrived here on March 25 and will return home on April 2 after a visit to the Tsukuba Expo '85.

VICE FOREIGN MINISTER ON HU YAOBANG'S OCEANIA TRIP

HK310432 Beijing ZHONGGUO XINWEN SHE in Chinese 0246 GMT 31 Mar 85

["Zhu Qizhen on Hu Yaobang's Visit to Five Countries of Oceania" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 31 Mar (ZHONGGUO XINWEN SHE) -- According to Zhu Qizhen, vice minister of China's Foreign Ministry, General Secretary Hu Yaobang is going to visit Australia, New Zealand, Western Samoa, Fiji, and Papua New Guinea. This is an important event of far-reaching significance in the history of China's relations with these countries. This indicates the spectacular development of the friendship and relations between China and these countries and points to a steady development in the future.

Zhu Qizhen said this when he answered questions raised by SHIJIE ZHISHI reporters. This year's seventh issue of SHIJIE ZHISHI, which will be published tomorrow, carries his comments.

Commenting on the purpose of Hu Yaobang's trip, Zhu Qizhen pointed out General Secretary Hu will exchange views with the leaders of these five countries on bilateral relations and the international issues on which they share common concerns. He will visit their agricultural, animal husbandry, and industrial facilities, try to gain an idea of their achievements in economic construction and social life, and meet the peoples of these countries in order to relay to them the Chinese people's warm regards.

Commenting on "the present state of China's relations with these five Oceanian countries," he said, since the 1970's China has successively established diplomatic relations with Australia, New Zealand, Fiji, Western Samoa, and Papua New Guinea, and the bilateral relations between China and these five countries have smoothly and rapidly developed because they are based on the Five Principles of Peaceful Coexistence. Between China and these five countries, there are neither major conflicts of interest nor problems left over by history. It is our common desire to develop friendly and mutually beneficial relations and we look forward to turning the vast expanse of the Pacific into an area characterized by peace and cooperation. The deepening of our mutual understanding and the development of the friendship and cooperative relations between us are in keeping with the aspirations of our peoples. In addition, this will have favorable effects on the peace, stability, and prosperity in the Asia-Pacific region.

The development of the relations between China and the five Oceanian countries is healthy, rapid, and heartening, said Zhu Qizhen. In 1984, the volume of China's bilateral trade with Australia was \$1.18 billion, and that with New Zealand was \$180 million. In addition, the volume of China's bilateral trade with the three island countries was much larger than when they first established diplomatic relations.

He said that since both China and Australia are big countries rich in natural resources, they can supply each other with the things they need. At present, the cooperation between the two countries in agriculture, animal husbandry, the manufacturing industry, shipping, and offshore oil prospecting is steadily developing, and China and New Zealand have made a good start in their cooperation in animal husbandry and light industry. In addition, China and Fiji, Papua New Guinea, and Western Samoa are executing some cooperative projects and they look forward to a greater number of even more extensive cooperative projects.

Vice Minister Zhu Qizhen also pointed out that generally, China and the five Oceanian countries have rich resources. Economically, they are at different developmental stages, and they have their own advantages and special characteristics. Because of their friendly political relations and geographical proximity, one can look forward to the long-term, steady development of their economic relations. The prospects for this are extremely bright.



INDIA'S RAJIV GANDHI WISHES TO VISIT PRC

OW021326 Beijing XINHUA in English 1320 GMT 2 Apr 85

["Indian Prime Minister Wishes To Visit China" -- XINHUA headline]

[Text] New Delhi, April 2 (XINHUA) -- Prime Minister Rajiv Gandhi said here today that he would arrange as early as possible to visit China.

He made this statement in his office while receiving Guo Qinglan, Chinese widow of Dwarkanath S. Kotnis (1910-1942), a noted Indian doctor who rendered his whole-hearted service to the Chinese people and died in China during the anti-Japanese war. "We are willing to develop Indo-Chinese relations," Rajiv Gandhi said. "I am now very busy, but I will arrange as early as possible to visit China."

Rajiv Gandhi also said, "we are glad that you come here for a visit. I hope you to visit more places."

Guo Qinglan expressed her thanks to the prime minister for his kindness. She said, "there is a profound friendship between the Chinese and Indian peoples. I wish such relations last as long as the Yangtze and Ganges Rivers flow."

Guo Qinglan arrived here yesterday for a visit at the invitation of the India-China Society and All-India Doctor D. S. Kotnis Memorial Committee which was established in 1973.

Doctor Kotnis came to China as a member of an Indian medical team in 1938 to support the Chinese people who were fighting the Japanese aggressors. He worked in Yanan and North China and took over the job of the late Norman Bethune and became the first director of the Bethune International Peace Hospital. A memorial hall for him was set up in that hospital in Shijiazhuang, Hebei Province, China.

WU XUEQIAN HOPES FOR BETTER SINO-INDIAN TIES

OW011913 Beijing XINHUA in English 1903 GMT 1 Apr 85

[Text] Beijing, April 1 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian said here today that China sincerely hoped to further improve and develop its relations with India.

China was willing to work together with India to solve problems left over by history through friendly consultations, and at the same time to actively expand their bilateral cooperation in various fields to help neighbourly and friendly relations develop steadily between the two countries.

Wu was speaking at a banquet marking the 35th anniversary of the establishment of diplomatic relations between China and India. The dinner at the Indian Embassy was hosted by Ambassador to China P. S. Menon.

The establishment of Sino-Indian diplomatic relations opened a new chapter of friendship between the two peoples and promoted the constant development of friendly ties, Wu said. The Five Principles of Peaceful Coexistence proposed first by China and India had in the past aided Sino-Indian relations. He expressed his conviction that bilateral relations would take a new form in the future guided by those principles.

Leaders of both countries recently said they hoped that relations could be restored to the level of the 1950s, Wu said, and the task they were facing now was to realize that soon.



Menon said the establishment of relations was a day of historic significance that marked the development of a thousands years of friendship between the two countries and a new beginning in the history of their relations. He described the Five Principles of Peaceful Coexistence as a milestone in international relations. He was confident that appropriate solutions would be found to the issue of boundaries between the two countries.

NPC DEPUTY ON RESUMING BORDER TRADE WITH INDIA

HK020504 Beijing ZHONGGUO XINWEN SHE in Chinese 0704 GMT 1 Apr 85

[Report: "Sino-Indian Border Trade Is Being Restored After 20 Years of Suspension"]

[Text] Beijing, 1 Apr (ZHONGGUO XINWEN SHE) -- (Dawagengba) [6671 3907 2577 1572], NPC deputy and commissioners of Ari Prefecture of Xizang Autonomous Region, the other day stated to this reporter that the prefecture's border trade with India, which was suspended in 1962, is being resumed.

He said that about 4,000 Indian and Nepalese border residents entered Ari Prefecture last year on business trips. They used grain, timber, and so forth to barter for local common salt, sheep's wool, live animals, borax, and light industrial products.

To resume and develop border trade, the prefecture again opened eight mountain passes last June. It also established a new Foreign Trade Bureau early this year.

Ari Prefecture lies in southeast Xizang and rises on average 4,500 meters above sea level. It has an area of 325,000 square kilometers, with more than 50,000 residents. It is capable of annually producing more than 6 million jin of common salt, more than 2.5 million jin of sheep's wool, 500,000 pelts, and 500,000 to 600,000 live animals for sale. Before 1962 most of the local residents' daily necessities were obtained by way of border trade.

The scenery in Ari Prefecture is unique. Its towering mountains and dense forests are haunted by wild oxen and horses and by cherished antelope well known in Xizang. Gangdise Mountain and Mapam Yunc Lake near the border are the "sacred mountain and the sacred stream" held in reverence by pilgrims. Last year more than 1,400 Indian and Nepalese pilgrims visited here. There were also about 100 tourists from the United States, Britain, Japan and Hong Kong.

(Dawagengba) stressed that Ari Prefecture not only wants to develop trade but also welcomes overseas Tibetans, Hong Kong and Macao compatriots and foreign businessmen to invest in local construction projects.

SONG PING TALKS WITH POLISH MINING MINISTER

OW291150 Beijing XINHUA in English 1038 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) --Song Ping, state councillor and minister in charge of the State Planning Commission, conversed for 40 minutes with visiting Polish minister of mining and power, Szeslaw Piotrowski, here today. They discussed cooperation in energy and other fields.

Piotrowski is also Polish chairman of the Sino-Polish Commission for Economic, Trade, Scientific and Technological Cooperation. The commission's first meeting is scheduled for tomorrow.

SINO-POLISH COMMISSION HOLDS FIRST MEETING

OW300948 Beijing XINHUA in English 0908 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- The first session of the Sino-Polish Commission for Economic, Trade and Technological Cooperation opened in Beijing today.

At the meeting, Gao Yangwen, Chinese chairman of the commission and minister of coal industry, and Czeslaw Piotrowski, Polish chairman of the commission and minister of mining and power, gave a briefing on the economic construction of their respective countries.

They discussed some concrete issues on developing economic, trade, industrial, scientific and technical cooperation between the two countries and held that it was beneficial to both sides to strengthen bilateral cooperation.

The meeting was held according to a protocol on establishment of the Sino-Polish commission between the two governments signed in Warsaw last year.

Gao Yangwen will give a dinner in honor of Piotrowski and his party here this evening.

POLISH METALLURGY MINISTER VISITS PRCJiangsu Official Fetes Group

OW270227 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 25 Mar 85

[Text] Chen Huanyou, vice governor of Jiangsu Province, met and feted Comrade Janusz Maciejewicz, Polish minister of metallurgy and machine industry, and his delegation at the Jinling Hotel in Nanjing on the evening of 24 March.

The host and guests had a cordial conversation. Both sides pledged to further develop economic and technical cooperation in the electronics industry. Xie Gaojue, vice minister of electronics industry, who has accompanied the delegation on its visits, was present at the meeting.

On its arrival in Nanjing on the morning of 24 March, the delegation was greeted at the airport by Zhang Guanlin, head of the Jiangsu Provincial Department of Electronics Industry.

While in Nanjing, the delegation visited the Nanjing radio plant, the Solid-State Device Research Institute, and the Nanjing wire communications equipment plant, to the warm welcome of workers and staff there.

On the evening of 25 March, the delegation successfully concluded its visits in Nanjing and left for Wuxi.

#### Li Peng Meets Delegation

OW281524 Beijing XINHUA in English 1457 GMT 28 Mar 85

[Text] Beijing, March 28 (XINHUA) -- Vice-Premier Li Peng said here today that China was willing to cooperate extensively with Poland in the economic field. He envisaged a long-term cooperation agreement on trade between the two countries.

Li made these remarks in a meeting here this afternoon with a delegation from the Polish Ministry of Metallurgy and Machines Industry led by Minister Janusz Maciejewicz.

The Chinese vice-premier said that China had opened its doors both to capitalist countries, and to the socialist and Third World countries. "We welcome Polish enterprises to carry out cooperative production or open joint-ventures with China on the basis of equality and mutual benefit," he added.

Li also told the Polish visitors that China's policy for developing its electronics industry was to build its own electronics industrial setup step by step. He hoped the two countries would find areas for cooperation in the electronics industry.

The Polish minister replied that he had exchanged views with Chinese Minister of Electronics Industry Jiang Zemin, Minister of Metallurgical Industry Li Dongye and Minister of Machine-building Industry Zhou Jiannan on possible cooperation.

Present at the meeting were Jiang Zemin and Polish Ambassador to China Zbigniew Dembowski.

The Polish delegation arrived here on March 21 at the invitation of Jiang Zemin. The delegation has visited Nanjing, Wuxi and Shanghai besides Beijing, and will leave here for home tomorrow.

FURTHER ON SIERRA LEONE DELEGATION'S VISIT

## Fujian Governor Welcomes Visitors

OW291013 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 28 Mar 85

[Text] Sierra Leonean President Siaka Stevens, accompanied by Li Dongye, chairman of the reception committee and minister of metallurgical industry of China, arrived by special plane in Fuzhou at noon today for a friendly visit to our province. He was greeted at the airport by Hu Ping, governor; Cai Liangcheng, vice chairman of the Standing Committee of the provincial People's Congress; Cai Ninglin, vice governor; Wen Fushan, adviser of the provincial government and president of the Fujian chapter of the Chinese People's Association for Friendship With Foreign Countries, and other responsible persons of the provincial and city departments concerned.

When President Stevens and other distinguished guests from Sierra Leone stepped out from the plane at 1150, Governor Hu Ping and the others approached to warmly shake hands with them. Governor Hu Ping expressed a warm welcome to President Stevens. He said: You are the first head of state from Africa to visit Fujian. This makes us especially happy. A Young Pioneer girl presented a bouquet to President Stevens.

This afternoon, the distinguished guests from Sierra Leone visited the (Furi) Company and (Liming) Village on the outskirts of Fuzhou in the company of Minister Li Dongye and Vice Governor Cai Ninglin.

Accompanying President Stevens on his visit to our province are Kanu, minister of foreign affairs; Jusu-Sheriff, minister of development and economic planning; and Bundu, minister of agriculture and natural resources, of Sierra Leone, and Jengo Stevens, son of President Stevens.

## Arrives in Xiamen

OW291756 Beijing XINHUA in English 1630 GMT 29 Mar 85

[Text] Xiamen, March 29 (XINHUA) -- Sierra Leone President Siaka P. Stevens and his party arrived here from Fuzhou today.

Zou Erjun, mayor of Xiamen, called on Stevens at the guest house this evening.

Zou told Stevens that Xiamen was one of China's four special economic zones. Last year, the gross value of the city's industrial and agricultural output had reached 1.75 billion yuan (618 million U.S. dollars), a 20.4 percent increase over 1983. The city had maintained economic contacts and cooperation with 82 countries and regions, he added.

The city's people's government hosted a dinner later this evening for the visitors.

## Departs for Home

OW301724 Beijing XINHUA in English 1648 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Sierra Leone President Siaka P. Stevens and his party left here for home at the end of a six-day official visit.

Chinese Minister of Metallurgical Industry Li Dongye, Assistant Foreign Minister Zhou Jue and Sierra Leone Ambassador to China C.B. Aubee saw them off at the airport.

Li Dongye held a send-off banquet for the visitors before their departure. Stevens and his party returned here this afternoon from Xiamen.



LI PENG MEETS EGYPTIAN MINISTER 30 MAR

OW301746 Beijing XINHUA in English 1551 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Chinese Vice-Premier Li Peng met with M. M. Abaza, minister of electricity and energy of Egypt, in the Great Hall of the People here today.

During the meeting the two gave accounts of the development of electric power industries in their respective countries and expressed the hope for further expanding bilateral cooperation in electricity and energy.

Li Peng welcomed Minister Abaza's third visit to China. Abaza said Premier Zhao Ziyang received him during his last visit to China two years ago. He asked Li Peng to convey the President Mubarak's greetings and his own to Premier Zhao Ziyang.

Taking part in the meeting were Qian Zhengying, minister of water resources and electric power, and Egyptian Ambassador to China Ahmad Salim 'Abd al-Wahhab.

Abaza and his party came here for the third meeting of the committee for electric power cooperation between China and Egypt and for discussion on technical cooperation projects.

RENMIN RIBAO URGES EARLY END TO IRAN-IRAQ WAR

HK230722 Beijing RENMIN RIBAO in Chinese 23 Mar 85 p 6

["Short" commentary: "We Hope Iran and Iraq Will Soon Stop Fighting and Hold Peace Talks"]

[Text] Recently, as fierce ground fighting has broken out between Iraq and Iran, attacks have also continually been expanded against nonmilitary targets, including both capitals, causing serious loss of life and property for the people of the two countries. This further escalation of the Iran-Iraq war, which has been going on 4 and 1/2 years has aroused growing concern among the countries of the region and the international community.

The two antagonists have already paid a huge price in this war. Several years of fighting have shown that it is by no means easy for one side to gain overwhelming military victory over the other. If this deadlock continues, the two sides will suffer even greater damage. Taking into account the long-term interests of the countries and nations, the wise thing to do would be to stop fighting and solve the dispute in a peaceful manner. Many countries and international organizations such as the United Nations have been engaged in urgent mediation moves and appealing for no expansion of the war. We hope that the two sides will take an attitude of restraint, observe the agreement reached last June on not attacking nonmilitary targets, and halt the mutual bombing of urban targets, so that the people of the two countries need suffer no more heavy casualties from this cause, and also to create a good atmosphere for the peaceful solution of the conflict.

Under the present circumstances, greater bravery and far-sightedness are needed to stop fighting and to talk of peace rather than to continue fighting. We sincerely hope that Iraq and Iran will be able to apply their bravery and wisdom in ~~and~~ finding a peaceful solution to this unfortunate war.



PRC STATE COUNCILLOR GU MU VISITS MEXICO

OW311423 Beijing in Mandarin to Southeast Asia and Southern Pacific 0900 GMT 29 Mar 85

[Text] Gu Mu, state councillor of the State Council of China, arrived in Mexico City on 28 March for a friendly visit to Mexico.

Talking to reporters at the airport he said that he hoped to have broad contacts with government officials and personages of all walks of life during his Mexico visit in order to exchange ideas and enhance understanding. He said: Understanding will promote further development of the Sino-Mexican cooperative relations in the economic, trade, scientific, and technological fields.

State Councillor Gu Mu arrived in Mexico after attending inauguration ceremony of the new Brazilian president as special envoy of the Chinese Government and visiting Venezuela.

Meets President

OW290920 Beijing XINHUA in English 0831 GMT 29 Mar 85

[Text] Mexico City, March 28 (XINHUA) -- Mexican President Miguel de la Madrid today said relations between Mexico and China have always been good, and that he hoped his forthcoming visit to China can further promote the development of friendly relations between the two countries.

He was speaking at a meeting with visiting Chinese State Councillor Gu Mu, who arrived yesterday.

De la Madrid said he wants to learn about Chinese political, economic and social development. He said he wants Mexico and China to further their cooperation, especially in the economic and trade fields.

During the meeting, Gu Mu conveyed regards from Chinese President Li Xiannian and Premier Zhao Ziyang. Gu Mu pointed out that the Chinese Government and people are eager for De la Madrid to visit.

On the same day, Gu Mu held talks with Mexican leaders on economic and trade issues and foreign policy.

Meets Other Officials

OW311346 Beijing XINHUA in English 1324 GMT 31 Mar 85

[Text] Monterrey, Mexico, March 30 (XINHUA) -- Chinese State Councillor Gu Mu arrived here this morning, continuing his visit to Mexico.

The Chinese guest met with Governor of Nuevo Leon State Alfonso Martinez and acquainted him with China's new economic reforms. Emphasizing the need for all countries to learn from each other and cooperate, Gu Mu said that China should learn from Mexico in business management and joint ventures, and expressed the hope for a Mexican role in promoting China's cooperation with Latin America.

Governor Martinez pointed to the long-standing friendship existing between Mexico and China, and said that the Mexican people admire the Chinese people for their wisdom and courage and the huge effort they had made in building up their country. He hoped for closer economic and technological ties between the two countries and the establishment of joint ventures. The mayor of Monterrey later hosted a banquet for the visiting Chinese state councillor. During the day, Gu Mu toured several plants in this industrial city, Mexico's third largest, and met with Overseas Chinese and Mexicans of Chinese descent.

I. 2 Apr 85

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PRC INTERNATIONAL AFFAIRS  
WESTERN HEMISPHERE

Leaves for Home

OW020900 Beijing XINHUA in English 0854 GMT 2 Apr 85

[Text] Tijuana, Mexico, April 1 (XINHUA) -- Chinese State Councillor Gu Mu left here for home today at the end of a four-day visit to Mexico.

Arriving here from a visit to Brazil and Venezuela, Gu Mu discussed with Mexico's authorities concerned experiences in national construction and ways and means to enhance cooperation in the economic and commercial fields.

PENG CHONG MEETS COLOMBIAN WORKERS DELEGATION

OW301340 Beijing XINHUA in English 1324 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Vice-Chairman Peng Chong of the National People's Congress Standing Committee met here this afternoon a delegation from the Confederation of Workers' Unions of Colombia led by President Gustavo Osorio.

PRC, CANADA AGREE ON OIL DEVELOPMENT PROJECT

OW290820 Beijing XINHUA in English 0741 GMT 29 Mar 85

[Text] Ottawa, March 28 (XINHUA) -- China and Canada signed a memorandum of understanding on petroleum development technical cooperation project here today. The project 6.3 million (Canadian) dollars (about 4.8 million U.S. dollars) is designed to help China improve its energy conservation and oil and gas recovery.

The agreement was signed by China's Vice Minister of Foreign Economic Relations and Trade Li Ke and Canadian External Relations Minister Monique Vezina. Under the agreement, Canada will help strengthen the planning and operating capabilities of China's two oil-field administrations in Chaheji and Banqiao, both near Beijing. Canada will also help to upgrade the skills of 42 Chinese specialist through on-the-job training in China and Canada, study tours and academic courses in Canada.

Li arrived in Montreal on March 23 for a two-week visit to Canada.

CPC'S NONPARTY FORUM ON WAGE, PRICE REFORMS

Tian Jiyun on Malpractices

OW310529 Beijing XINHUA Domestic Service in Chinese 1420 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- The vice premier of the State Council said today that the key to protecting consumers' interests lies in firmly checking reckless price increases and strictly carrying out price reform in accordance with the Central Committee's principles and plan. He added that if this problem is not resolved, even the best price reform plan will be ineffective.

Speaking at a forum sponsored by the CPC Central Committee for nonparty personnel, Tian Jiyun said: All major reform projects and measures must be carried out according to the unified planning of the party Central Committee and the State Council, and nobody is allowed to go his own way. Our price control system has been overcentralized, and the scope of the state's centralized price-setting must be gradually reduced. However, the authority of price control should not be hastily delegated to the lower departments. Proper centralization is still needed in the process of price reform, otherwise there will be confusion. We should, following the gradual stabilization of the price system, reform the methods of price control in a planned and systematic manner. To ensure normal progress in price control, certain authority which has been delegated to the lower departments will be retracted tentatively.

Turning to the need to thwart unhealthy tendencies and check the reckless issuance of cash bonuses and reckless price hikes, Tian Jiyun said: Since the fourth quarter of last year, consumption funds increased drastically and credit became somewhat uncontrollable. Had it not been for the prompt actions taken by the Central Committee to unify everybody's thinking, study corrective measures and stop the development, problems certainly would have appeared. Last year's economic development was generally good but during the fourth quarter, particularly in December, the evil wind became increasingly stronger. The total amount of wages for the nation's staff members and workers of the fourth quarter of last year was 46 percent higher than the corresponding period of the preceding year. We can attribute problems like this to an unhealthy party style and to some leading cadres who have forgotten the characteristics of being party members and who even have gone their own way in total disregard of party discipline and state law. Of course, certain problems can be ascribed to some of our departments' failure in anticipating the possible responses while working out the reform measures. When the 1985 wage reform was deliberated during the second half of 1984, it was proposed that the total amount of wages of an enterprise should vary on the basis of its economic performance, and that the actual total amount of wages of 1984 should be regarded as the base amount. Proceeding from their own interests, and in order to increase the base amount of wages, many enterprises, administrative units, and establishments have recklessly raised the pay of their staff, and have indiscriminately given out bonuses and subsidies, thus drastically increasing the consumption funds. We must learn a lesson from this experience. During the fourth quarter of last year when bonuses, in cash or kind, were recklessly issued, many people, after receiving those bonuses, still remained uncertain because they realized the state was incapable of doing that; and although the majority of sober-minded leading cadres were against the reckless practice, they could not withstand the trend, which developed into something like a gust of wind. People's consumption should be properly guided. While we must work in a down-to-earth manner and work hard to raise the level of people's consumption, we must also know the proper limits of our actions and make sure what we do will not exceed the state's capability. Improper propaganda will ruin a good project.

Another gust of evil wind is reckless price increases, taking advantage of reform to speculate on commodities in short supply or durable consumer goods in order to seek windfall profits. Since the second half of last year, some departments, enterprises, and individuals have raised the prices of their goods, overtly or covertly, disregarding the interests of the state and the masses. Some units have used bonuses to promote sales, cheating people by selling them shoddy goods at exorbitant prices. Some departments, by means of various types of lottery tickets, have abetted opportunism among the people by encouraging them to buy the lottery tickets they have issued, peddling: "Buy a ticket and become a rich man overnight." Some people have loaned their names to all kinds of corporations, using their authority to seek personal gains, and speculate on commodities in short supply for windfall profits.

Tian Jiyun stressed: Correct thinking is the key to thwarting unhealthy tendencies. Comrade Xiaoping recently pointed out that working in unity to build a Chinese-style socialist society depends first on ideal and second on discipline. Comrade Xiaoping's instruction is highly important and timely, because our reforms cannot continue without a lofty communist ideal, strict discipline, and resolution in checking unhealthy tendencies. Now, thanks to the attention from the Central Committee and the State Council, the situation is improving rapidly. The situation of withdrawing currency from circulation, and the revenue situation were both fairly good during the first quarter of this year. He said: Since other unhealthy tendencies may appear in the future, we cannot afford to relax our struggle against them in the course of economic reform.

Tian Jiyun pointed out: While reforming the price system and enlivening the economy, we must intensify the control, supervision and inspection of commodity prices. Recently the State Council issued a 10-point circular on intensifying the control, supervision, and inspection of commodity prices. Any unit or individual who takes advantage of reform to raise prices recklessly or covertly, cheats by failing to give the correct amount or quantity of goods, adulterates the quality, or collects illegitimate fees, must be harshly punished. Not only should their illegal income be confiscated, but they should also be fined so that they can never profit economically. For some others, their business licenses should be revoked. Those who speculate, seek windfall profits, or disrupt the market must be harshly rebuffed. If their acts constitute criminal offenses, they must be punished according to the law.

He said: To effectively protect the consumers' interests, not only should the departments in charge of commodity prices, taxation, industrial and commercial administration, and auditing intensify their supervision and control over commodity prices, but all other quarters should also be involved. The masses, neighborhood committees, and retired workers should also be mobilized to supervise and inspect commodity prices.

#### Tian on Price Reform

OW310700 Beijing XINHUA Domestic Service in Chinese 1439 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- Addressing the forum for nonparty personnel sponsored by the CPC Central Committee today, Vice Premier Tian Jiyun of the State Council said that the nation's fine situation and the rapid economic growth following the 3d Plenary Session of the 11th CPC Central Committee are obvious to all; but when we say the price system must be reformed, we do not mean that we have encountered any serious problems or that it is an increasingly tough course to follow; we mean that as the economy continues to develop, we should take the initiative in reforming the price system calmly so that economic development can be further expedited.



Tian Jiyun specifically mentioned the necessity of reforming China's current price system. He said: The nation's current price system is highly irrational, and it is highly unfavorable for coordinated national economic development, and for the fulfillment of the people's living necessities.

First, an irrational price system affects the improvement of economic performance. At present the price relations between different commodities are irrational. The prices of mineral products, raw and semifinished materials and energy, in particular, are too low. If we fail to change this situation with resolve, we cannot exercise pressure on the processing enterprises, forcing them to work hard to improve their technology, streamline their management, lower the consumption of resources and improve their economic performance. When an energy producing enterprise is listless, national economic development will be affected.

In regard to the relations between purchasing prices and marketing of agricultural and sideline products, since marketing prices have not been raised following the rising of purchasing prices, the purchasing prices of some major agricultural and sideline products have become even higher than the marketing prices. Consequently, the government's subsidies for the price differences in purchasing farm produce have been increasing each year, and the larger the agricultural harvest, the more will the government have to subsidize prices, making the state's burden increasingly heavier. On the other hand, since nobody wants to operate a business which buys at high prices and sells at low prices, processing and circulation of agricultural products have been obstructed, the market for agricultural products cannot expand in accordance with the development of production, and thus selling food grain and cotton becomes a big problem. Since this will lower the economic results of agricultural labor, it is unfavorable for readjusting the rural areas' production structure, nor is it favorable for gradually improving the Chinese people's diet.

One important reason why the quality of many products in our country cannot be quickly improved lies in the failure in widening the price differences of many important products, and since good and inferior products are sold at about the same prices, quality goods are in short supply and inferior goods become unsellable.

Furthermore, because of the lower rates charged by the service trade, its development is slow. The underdevelopment of our service trade is one of the leading causes why our enterprises have to sponsor social services [kqi ye ban she hui 0120 2814 6586 4357 2585], and this situation has affected the improvement of the economic performance of our society as a whole.

Second, an irrational price system is unfavorable for reform of the economic structure. While we will build a vigorous socialist economic system with distinctive Chinese characteristics through reform, the central link of reform is reinvigoration of our enterprises. This requires us to permit and encourage our enterprises to compete with one another in making greater profits, and to arouse the enthusiasm of our enterprises and their workers by linking their income and economic performance. If the price system is not reformed, different departments and trades will have different business results just because the amount of profits they make from their raw materials and products are not the same. This means that even with poor management, an enterprise can make a handsome profit so long as its products can be sold at high prices, and that no matter how well an enterprise is managed, it may still become unprofitable if it produces low priced products. This is quite unfair. If the problem of irrational price system is not resolved, reform of our enterprises can hardly proceed. A rational price system has another important function -- the function of providing a new signal system, making prices an important signal in reorientating an enterprise's operation, guiding it to produce what our society needs.



We are increasingly convinced by our actual experiences in the past several years that price reform is urgently needed in reforming our economic structure, and it is the key factor determining success or failure of the reform of the entire economic structure.

Third, an irrational price system is unfavorable for carrying out the policy of opening to the outside world. In opening to the outside world, the ties between our domestic market and the international market will become even closer, and our economic and technical exchange with foreign countries will develop both in range and quality. An irrational price system also will affect foreign trade and international contacts.

#### Price Reform, People's Livelihood

OW312120 Beijing XINHUA Domestic Service in Chinese 1452 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- Speaking at the forum sponsored by the CPC Central Committee for nonparty personnel this morning, Vice Premier of the State Council Tian Jiyun said: The state's preliminary reform of the pricing system over the past few years has stimulated economic development and brought about a marked improvement in the people's livelihood.

-- Actual income has increased. According to a sample survey of the income of farm households, the average per capita income reached 355 yuan in 1984, topping that in 1978 by 160 percent, or more than 100 percent after allowing for price increases. Another sample survey of over 10,000 households in 81 cities shows that the average per capita income of urban households available for living expenses amounted to 508 yuan in 1984, an increase of 92.4 percent over 1978, or 60.5 percent after allowing for price increases. The margins of the increases in the income of both peasants and workers and office staff have rarely been seen in history. Of course, because ours is a big country, economic development is quite uneven and the people in a few areas are still relatively impoverished. The central authorities are taking measures to help these areas develop production and improve the people's livelihood as quickly as possible.

-- The consumption level has risen. Compared with 1978, the average per capita consumption of grain by urban and rural residents in 1984 rose from 391 jin to some 460 jin; edible vegetable oil, from 3.2 jin to more than 8 jin; and pork, from 15 jin to approximately 25 jin. Ownership of durable consumer goods has also increased rapidly. The percentage of people owning the "four major items" of the past (radio, bicycle, watch, and sewing machine) and of the present (television set, washing machine, refrigerator, and cassette recorder) has doubled, redoubled, or even increased by more than 10 times.

-- Savings deposits have increased. The savings deposits of urban and rural residents in the country have increased by big margins. The year-end balance rose from 21.1 billion yuan in 1978 to 121.5 billion yuan in 1984. The average per capita savings deposits rose from 75 to some 320 yuan for urban residents and from 7 to more than 50 yuan for rural residents.

Tian Jiyun said: The aforementioned three aspects indicate that while commodity prices have risen, the people's income has increased and their livelihood has improved markedly in recent years. These aspects, which are experienced by everyone in practical life, show that the preliminary pricing reform carried out since the 3d Plenary Session of the 11th CPC Central Committee has been successful and that its direction has been correct.

They also prove that so long as the pricing reform really stimulates the economic development and promotes the production and so long as it is carried out in a systematic manner and under supervision and accompanied by relevant policies and measures, it will not lower but will improve and raise the people's living standards. He said: Practice over the past few years has provided us with very useful experience. Reviewing the path we have just traversed and summing up the experience in this aspect can offer us guidance for taking the next step of the reform as well as enhance our confidence in reform.

#### Guidelines for Price Reform

OW312158 Beijing XINHUA Domestic Service in Chinese 1501 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- Speaking at the forum sponsored by the CPC Central Committee for nonparty personnel this morning, Vice Premier of the State Council Tian Jiyun stressed that in reforming the pricing system, it is necessary to implement the principle of steadfastness, prudence in fighting the first battle, and doing everything possible to ensure victory. He also pointed out: The pricing reform should be carried out a small step at a time on the basis of the state's financial capability and the ability of enterprises and the people to withstand it.

Then, he discussed three principles guiding the reform of the pricing system:

First, a structural readjustment should be made to raise some prices while lowering others. The reform of the pricing system should be a structural readjustment, which does not mean raising all prices, but lowering or raising prices when necessary to make the prices of various products become rational, stimulate production and circulation, and guide consumption. However, while the state cannot gain anything from lowered prices of products, it will even have to subsidize certain enterprises and individuals, or reduce or remit taxes on them because of increased prices of products, although some enterprises can gain something from the price increase. If the price hike margin is too big, the state would not be able to finance it and would be compelled to increase the issuance of currency, thus causing inflation and a general price increase. Therefore, we must act according to our capabilities.

Second, the increased portion of cost caused by a price hike in the means of production should be basically offset within enterprises. Prices of energy sources and raw and semifinished materials will be appropriately raised to enable enterprises to improve management and operations, step up technical transformation, and lower consumption. This is precisely one of the goals of the pricing reform. In order to prevent an increase in the market price of products caused by the price readjustment of energy sources and raw and semifinished materials, the state will, based on differing circumstances, help enterprises, through tax reduction or exemptions or other measures, tide over difficulties caused by a higher cost of production as a result of price readjustment. Should the margin of the price readjustment of energy sources and raw and semifinished materials be bigger than an enterprise can withstand, it would affect their production and enthusiasm and create an imbalance between supply and demand and cause a price hike in the market. We should try our best to avoid such a situation.

Third, it is necessary to ensure that the real income of the broad masses of urban and rural residents will not be affected as a result of the price readjustment. This is one of the basic principles that we must follow. In the course of readjusting prices, in which some of the prices will be increased, the state should give the people a certain amount of subsidy, and plans to give an appropriate subsidy to such price increases as those on pork.

However, it is impossible to subsidize all price increases; therefore, the reform of the pricing system will directly or indirectly cause a rise in the retail price index. At the same time, the state will adopt relevant measures to raise the income of the masses of people and ensure that their real income will not be lowered. Considering the ability of the masses of people to withstand a price hike, it is necessary to strictly keep to a minimum the rise in the retail price index.

Tian Jiyun also made the following supplementary explanation to the stipulation in the CPC Central Committee's Document No 1 for this year concerning reform of the prices of farm produce:

--Concerning grain prices: The main task is to make the purchasing and the marketing prices of grain basically rational in rural areas. Beginning this year, the state will purchase grain according to contracts. Peasants who have signed contracts may sell grain according to the preferential price stipulated in the contract, and those who did not sign contracts but want to sell grain to the state should sell it at a price set to protect the peasants' interests. The purpose is to step up the planned guidance while enlivening, not rigidly controlling, grain production.

--Concerning raising of hog and pork prices: The government will raise the purchasing prices of hogs and selling prices of pork at an appropriate time this year, and at the same time will give certain subsidies to urban dwellers who depend on grain purchased from the market. A certain period after hog and pork prices are raised, there will be greater supply of such nonstable foodstuff as meat, poultry, eggs, and milk in cities. In this way a portion of increased grain production is changed into fodder -- another way of using grain -- which in turn will further promote the development of rural economy and bring about prosperity to urban and rural markets.

--Concerning vegetables: Currently the state spends 500 million yuan annually in subsidizing vegetable management. Because vegetables are perishable, it is not appropriate to impose rigid controls over them. It is necessary to make prudent and meticulous arrangements for gradually relaxing the price control for vegetables.

--Concerning the readjusting of short-distance rail transport rates: Short-distance rail transport rates will be appropriately raised this year. The increase, which will have little effects on various fields, including the people's livelihood, can rationalize the transportation structure and promote economic development.

--Concerning appropriately widening price differences for products of different quality and increasing regional price differences: Of the prices of means of production, only the price differences of coal in different regions and the prices of different quality of coal will be widened this year. The market prices of coal for daily use will remain unchanged. The prices of several manufactured goods with supply greater or basically equal to demand will not be raised after the price control is relaxed. While relaxing the price control and appropriately widening price differences for products of different quality, it is necessary to obtain approval for increasing prices in order to prevent price hikes in a disguised form.

Tian Jiyun said: After the measures for this year are completed, the prices of raw and semifinished materials and energy products will be gradually readjusted next year along with the progress in the technical transformation in enterprises and the increase in their ability to assimilate reforms.



## Tian on Wage Reform

OW010148 Beijing XINHUA Domestic Service in Chinese 1516 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- On the reform of the wage system, Vice Premier Tian Jiyun said today: The planned wage reform is designed to basically straighten out the wage relations and establish a new wage system. The wage scales in the present wage system are divorced from the employees' positions, responsibilities, ability, and contributions, causing a discrepancy between work and pay and seriously preventing the workers and staff from displaying their initiative. The reform of the wage system is imperative under the circumstances.

Tian Jiyun said at a forum of nonparty personnel sponsored by the CPC Central Committee: The planned wage reform has two major parts: the reform of the wage system of state-owned enterprises and the reform of the wage system of state organs and institutions. The guiding principle for the wage reform in enterprises is to let their total payroll fluctuate according to their economic efficiency and properly link employees' wages and bonuses to the economic efficiency of the enterprises and to the individuals' contributions. However, the reform is a complex matter and we must not rush headlong into mass action. This year, we will practice wage reform first in some enterprises which have a comparatively good foundation in management, comparatively strong leading bodies, and the necessary conditions. The enterprises where conditions do not permit may continue the current practice. In state organs and institutions, we will introduce a wage system which relates the major part of wages to specific jobs and closely links employees' wages with their positions, responsibilities and contributions. When we pay wages according to actual work positions, we of course will also consider the situation in other aspects.

Tian Jiyun said: Although the planned reform will be restricted by our financial resources and the state cannot give the workers and staff a large wage raise at the moment, the income of the broad masses of workers and staff will steadily increase with the development of production after we put the new wage system into practice and straighten out the wage relations in the coming years. Opinions from various quarters show that people approve the orientation and principle of the reform plan. However, it is impossible for us to rationalize everything in one stroke, because there are many accumulated problems and great contradictions with regard to wages and the financial resources of our country are limited. Besides, the reform plan itself is not yet perfect. At present, we are making further revisions of the plan in accordance with the opinions of all concerned. We will further improve the plan by trying it out at selected units, and we will solve the contradictions to the best of our ability.

He pointed out: In short, we will carry out the reform of all concerned. We will further improve the plan by trying it out at selected units, and we will solve the contradictions to the best of our ability.

He pointed out: In short, we will carry out the reform of the wage system. This is a policy decision made by the party Central Committee and the State Council. The orientation and basic principle of the reform are clear, definite, and affirmative, but we must take a prudent approach in practice and strive to perfect the plan. And this is precisely what we are doing.

Tian Jiyun said: At present, there is talk among the public that the wage reform will not be carried out in state organs and that employees will instead get a few yuan raise in their monthly salary. This is unfounded. We will not change the plan to reform the wage system in state organs and institutions.



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We will not change the orientation or the basic principle of the reform. No matter when the formal reform plan is carried out, a wage readjustment retroactive to January this year will be made for primary and middle school teachers, and the wages of personnel of state organs and institutions will be readjusted in July. These dates will not change.

Hu Qili, Others Attend Forum

OW010543 Beijing XINHUA Domestic Service in Chinese 1527 GMT 30 Mar 85

[Text] Beijing, 30 Mar (XINHUA) -- The CPC Central Committee held a forum with nonparty persons at the Great Hall of the People this morning, reporting on matters concerning reforms of the pricing, wage, and educational systems and soliciting opinions from responsible persons of the democratic parties and the All-China Federation of Industry and Commerce, nonparty persons from all walks of life, nonparty friends attending the Third Session of the Sixth NPC and the Third Session of the Sixth CPPCC National Committee, and comrades concerned.

Responsible persons of the NPC Standing Committee, the CPPCC National Committee, and all democratic parties including Xu Deheng, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Yan Jici, Pagbalha Geleg Namgyai, Hu Ziang, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Zhou Peiyuan, Miao Yuntai, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Mao Yisheng, Liu Jingji, Huang Dingchen, Su Ziheng, and over 300 nonparty persons attended the forum on invitation. Comrades Xi Zhongxun, Hu Qili, Qiao Shi, Tian Jiyun, Yang Jingren, and Wang Zhaoguo were present at the forum.

Hu Qili, secretary of the CPC Central Committee Secretariat, presided over the forum. He said: The CPC Central Committee held such a forum on our economic restructuring when the 3d Session of the 12th CPC Central Committee was being held. At that forum, Comrade Hu Yaobang said that from that point on all major events should be made known to nonparty friends and their opinions solicited and that this should be made a system. Hu Qili said: Today our non-CPC friends are enthusiastically attending this meeting. Many of you are white-haired elders. Your presence shows your concern and support for the current structural reform. On behalf of the CPC Central Committee, I thank you.

Tian Jiyun, vice premier of the State Council, talked about matters concerning the reform of China's pricing and wage systems. He said: Reforms in the pricing and wage systems will be successively undertaken this year. These two reforms are the important content of the overall economic restructure. All you comrades present at this meeting are greatly concerned about the economic development and structural reform of our country. Some of you are veterans of the economic circles and have rich knowledge and experience in this respect: Today, I would like to exchange information with you comrades, and listen to your valuable opinions and suggestions in order to pool the wisdom of all and make concerted efforts to do this work well.

Tian Jiyun recalled: Since the 3d Plenary Session of the 11th CPC Central Committee, we have made several price readjustments. First, we raised the purchase prices of major farm products by a large margin. Second, we raised the retail prices of eight kinds of major nonstaple foods, including meat, poultry, eggs, and aquatic products, and have given staff members and workers proper allowances. Third, we have raised the prices of coal, pig iron and other products and reduced the prices of certain machinery and electric products. Fourth, we have raised the prices of tobacco, liquor, and leather products while reducing the prices of television sets, wristwatches and other products.

Fifth, we have reduced the prices of chemical fiber products while raising the prices of cotton textile goods. Sixth, we have readjusted the railway and waterway freight rates. All this shows that we have made a lot of price readjustments since 1979. At the same time, we have carried out initial reforms to the price management system, changing from the former single planned prices system to a multiple price system which includes unified prices set by the state, floating prices, negotiated prices, and county fair trade prices. These price readjustments together with the initial reform measures have really played an important role in promoting the nation's economic development. First, they have played an important role in promoting agricultural production. Second, they have played a role in promoting the restructuring of industrial production. Third, they have revitalized production and circulation. While promoting economic development, these initial price reform measures have also caused commodity prices to go up. Facts show that the people's living standard has markedly improved in recent years.

Tian Jiyun said: We have made some price readjustments in the past few years. But they are preliminary. What we have done is merely preparatory for the reform of the pricing system. We have not yet undertaken the reform systematically. Our current pricing system is quite unreasonable and very unfavorable to the coordinated development of the national economy and the satisfaction of the people's needs in their daily life. First, an unreasonable pricing system hampers the improvement of economic results. Second, it is unfavorable to economic restructure. Third, it is unfavorable to the policy of the opening to the outside world.

Tian Jiyun said: If we want to achieve the grand objective of making a further sound and coordinated development of our economy, we should know that many problems still exist in our economic life, which we often refer to as unbalanced relations. In order to bring the relations into better balance and create a favorable cycle, we must first solve the price question. Our exploration, practice and repeated studies in last few years show that none of our important reforms can be made without solving the question of the pricing system. The reform of the pricing system is a complex engineering system concerning all departments. The prices are a very sensitive matter closely linked to the livelihood of hundreds of millions of people. Therefore, we must be firm and prudent in undertaking the reform of the pricing system and actively and safely make it a success. The 3d Session of the 12th CPC Central Committee has made the decision on the economic restructure, pointing out a clear orientation for the overall economic restructure and for the reform of our pricing system. This is vital in guaranteeing the success of reform. As far as timing is concerned, now is the best time for reforming our pricing system.

He said: At present, the guiding principle for economic restructuring is: Be steadfast, be prudent in fighting the first battle, and be sure to win. This principle should also be applied to the reform of our pricing system. After repeated discussions, analyses, and comparisons, we have decided to take measured steps in price reform, taking one step and looking around before taking another. This decision is based on the state's financial ability, the enterprises' absorbing ability, and the masses' enduring ability. Proceeding from these three abilities, we have to adhere to the following principles while reforming the pricing system: Structural adjustments will be made to raise the prices of some products and lower those of some others; enterprises will have to absorb the cost increases resulting from the rising prices for the means of production; we must make sure that the actual incomes of the masses of urban and rural people will not be reduced because of price adjustments -- this is a basic principle that we must observe.

Tian Jiyun said: Based on the "three recipient abilities" mentioned above, steps taken in price reform should not be too big. Our research and study dictate that we adopt the policy of combining relaxed control with readjustments and aiming at progress in measured steps for price reform in 1985.

Tian Jiyun stressed: With the policy defined and measures laid down, we must strictly conduct price reform according to the party Central Committee's policy and arrangements. First, we must unify our thinking and action. In major reform plans and measures, we must follow the unified plan and arrangement of the party Central Committee and the State Council. On no account should anyone go his own way. Second, we must stop the new unhealthy tendencies, effectively preventing random issuing of bonuses and allowances in cash and in kind. Third, we must strictly control the prices and tighten supervision and inspection. While conducting reform in the pricing system and stimulating the economy, we must at the same time strengthen the control, supervision, and inspection of commodity prices.

On the question of wage reform, Tian Jiyun said: the wage reform this time is basically for straightening out the wage relations and establishing a new wage system.

He Dongchang, minister of education, told the meeting how the "Decision of the Central Committee of the Chinese Communist Party on Reform of the Educational System" (draft for soliciting opinions) had been drafted, and made explanations on several problems.

Xi Zhongxun, member of the Political Bureau and secretary of the party Secretariat, was the last to take the floor. He said: Informing and consulting with nonparty friends on all major policy decisions of the party and state and soliciting their opinions is an important system since the 3d Session of the 12th CPC Central Committee to enliven and invigorate the party's and the state's political life. Comrade Deng Xiaoping has said that economic restructuring is the second revolution in our country. This restructuring will bring forth a series of reforms in other fields. This is the general trend which is independent of man's will. He expressed the hope that everybody will make use of his own broad and profound knowledge and rich experience to make still greater contributions to reforms.

#### FURTHER COVERAGE OF 3D SESSION OF 6TH NPC

##### Hu Yaobang on Minorities

HK020230 Beijing RENMIN RIBAO in Chinese 29 Mar 85 p 4

[Report by reporter Liu Qian: "Comrade Hu Yaobang Asks About Xishuangbanna"]

[Text] The NPC Presidium held the first meeting on the afternoon of 26 March. In came Comrade Hu Yaobang.

He sat beside Comrade Zhao Cunxin [0664 1317 0207], a delegate from Yunnan Province to the session and administrative head of Xishuangbanna Dai Autonomous Prefecture. The general secretary of the CPC Central Committee and the minority nationality cadre felt like old friends and talked cordially before the NPC went into session.

In fact, the two met each other in October 1981, when Comrade Yaobang listened to a briefing by Zhao Cunxin on the situation in the prefecture during his inspection visit to Xishuangbanna.



On that occasion Zhao Cunxin felt that Comrade Yaobang showed great concern for the development of the minority areas and pointed out that people's congresses of national autonomous prefectures have the power to enact specific regulations in light of the characteristics of the nationality or nationalities in the prefectures concerned within the limits of their authority as prescribed by the Constitution so as to cement the unity of various nationalities. At that time relations between state-owned farms and local farms were not harmonious, and Comrade Yaobang was deeply concerned over this. He said: The departments in charge of agricultural reclamation should help the minority nationalities develop production so that they will be able to get rich at an early date. Three years or more have passed, and Comrade Yaobang still remembers this matter with concern. On first seeing Zhao Cunxin, he immediately asked: "How about relations between those farms and the masses in your Xishuangbanna? Are they a little better?"

"They greatly improved and are much better than before," and Zhao Cunxin with relief.

"How did you solve the land problem?"

"Some farms allotted pieces of land to the local masses for planting rubber."

Comrade Yaobang also asked: "How about production last year?" "Are the peasant's food rations sufficient?"

Zhao Cunxin replied: The autonomous prefecture has reaped bumper harvests for 4 years in succession. The prefecture has a population of 660,000, the per-capita income in 1984 was 227 yuan, an increase of more than 60 yuan over 1983, and per-capita food rations of the agricultural population reached 1,100 jin. Comrade Yaobang nodded in approval and said, "Well done." He hoped that the prefecture will go a step forward this year, that the per-capita income will increase by 100 yuan, and that there will be a strong advance in town enterprises. He also said: When grain is sufficient, efforts can be made to develop other industrial crops in order to increase the peasants' income. After learning that the autonomous prefecture is making great efforts to build more hydropower stations to solve the energy problem, build sugar refineries, and build an airport to promote tourism, he nodded assent and voiced warm support.

Zhao Cunxin said to Comrade Yaobang: Yunnan is now discussing the problem of "increasing 100 yuan to get rich" (referring to the plan that the average income of each peasant is to increase by 100 yuan every year) in light of instructions made by Comrade Yaobang when he made an inspection tour of Yunnan at the beginning of this year. The province has organized a large number of cadres to go down to the grass-roots units to visit the rich to ask about their methods of getting rich, and to visit the poor to help them to get rich. Many cadres in Xishuangbanna have also gone down to the grass-roots units.

Comrade Yaobang said: This is a good method. It is necessary to organize cadres to go down to the grass-roots units in order to help the masses to develop production and to increase income so that all nationalities will be able to get rich.

Ni Zhifu on Price Reform

OW020847 Beijing XINHUA in English 0806 GMT 2 Apr 85

[Text] Beijing, April 2 (XINHUA) -- Price reforms have benefited a number of Chinese provinces and cities according to panel discussions being held at the current National People's Congress session.



He Haoju, vice-governor of Sichuan, said the supply of vegetables, pork, eggs, poultry and fruit in that province had increased markedly since price controls were relaxed there last year. Sales of pork and eggs on street markets last year were 32.9 percent higher than in 1983, while aquatic products went up 33.1 percent, vegetables, 23.4 percent and fruits, 41 percent.

According to a sample survey in Sichuan Province, urban residents' income available for living expenses rose by an average of 15.6 percent in 1984. Relaxation of price controls had stimulated the peasants' interest in production, participants at the discussion said. Prices had now become stable after fluctuating for some time and some had even gone down, He Haoju said. Price reforms are one of the two major tasks for this year's economic restructuring listed by Premier Zhao Ziyang in his government work report to the NPC session.

The report says the current prices of many commodities do not reflect their value nor the relationship between supply and demand and serve to complicate the assessment of the economic performance of an enterprise. In the framework of the current irrational price structure, enterprises with a poor economic performance can just as easily make a big profit as a good performer because of the low prices of raw materials and energy.

Ni Zhifu, member of the Political Bureau of the Chinese Communist Party Central Committee and a deputy from Tianjin, said the general principle guiding price reforms is to make sure that consumers gain practical benefits and do not suffer losses. The state would use its huge reserves of commodities to offset the impact of any possible drastic price fluctuation, Ni said.

Changzhou, Jiangsu Province, one of the cities where economic restructuring was first tried out, relaxed price controls on 839 commodities and will soon extend the scope to another 629. Yang Nianzu, mayor of Changzhou gave the example of one corporation in the city to show the success of the reform. Among the prices of the corporation's 202 products, 2.97 percent had risen and 3.47 percent had dropped, Yang said. The rest had remained the same.

The city of Wuhan on the Yangtze River instituted a free pricing system on vegetables which in turn stimulated a 23.4 percent rise in vegetables supplied to the market during the last five months of 1984 over the same 1983 period, Mayor Wu Guangzheng said. Before the reform, many farmers had given up vegetable gardening because they lost money on it.

Zhu Weilin, a deputy from Beijing, proposed improving legislation concerning prices and establishing an institution to supervise the enforcement of relevant regulations. Zhang Ruiying from Jiangsu Province urged the National People's Congress to formulate a law governing prices as soon as possible.

#### Deputies on Chongqing Reform

OW011713 Beijing XINHUA in English 1553 GMT 1 Apr 85

[Text] Beijing, April 1 (XINHUA) -- Chongqing's achievements in economic reform have borne out Premier Zhao Ziyang's assessment of the country's economic situation. This view was aired by National People's Congress deputies from this major industrial and commercial center in southwest China at a panel discussion today.

The premier had said in his report on government work that China's socialist economic construction had gradually shifted to a new path better suited to China's actual conditions. Chongqing's total industrial and agricultural output value in 1984 rose by 15.4 percent over the previous year, per capita income by 13 percent and revenue by 15.06 percent, all higher than the national average.

One of the first seven cities designated to experiment in urban reform, Chongqing now enjoys the same decision-making power as a province in financial matters. Other pilot cities in the experiment include Shenyang, Dalian, Xian, Wuhan, Harbin and Guangzhou.

Pei Changhui, vice-chairman of the Standing Committee of the provincial People's Congress, said that a series of reform measures had helped revitalize local factories and enterprises. The measures included expansion of the power of decision-making for enterprises and introduction of various systems of responsibility. By the end of last year, 149 enterprises in Chongqing had introduced the system under which the factory director assumes full responsibility in matters concerning personnel, finance and production.

Wang Qian, a leading official of the city Communist Party Committee, said that the reform had also helped increase Chongqing's economic and technological ties with other parts of China as well as exchanges with the rest of the world. This had helped break the closed and rigid patterns of China's economic structure that had taken shape over a long period of time, Wang said.

During the last two years, the city had signed over 800 contracts with 23 provinces and cities, obtaining 210 million yuan of funds from other parts of the country while investing 100 million yuan elsewhere.

The Chongqing beverage factory, noted for its soft drinks, had set up 42 workshops or associations throughout the country, forming a nation-wide production network. The city had also established business relations with over 70 countries and regions. Last year it signed 179 contracts for importing advanced technology and equipment involving a total of 145 million U.S. dollars, 5.2 times the total for the previous four years.

Most of the imported projects were expected to put into operation this year and bring an additional 1.48 billion yuan in total output value one year later. Wang said that Chongqing had also made some attempts at reforming the wage and price systems. The total payroll of specific enterprises would fluctuate according to their economic performance as was described in Premier Zhao's report, he added. Wang explained that, for each one-percent increase in tax payment and profit delivery, an enterprise would be permitted to raise its total payroll by 0.7 percent, using the 1983 figure as the base.

Thirty-four enterprises in Chongqing adopted this method last year, and their total output value increased by 19.33 percent over the previous year, net profit by 21.93 percent and tax and profit delivery by 18.65 percent, all higher than the city's average.

Wang Xianjun, a senior engineer at the Chongqing iron and steel works, said that since the company's tax payment and profit delivery last year increased by 17.86 percent over the previous year, 40 percent of its employees got a pay raise. Beginning from this year, all the municipal enterprises would adopt this practice. As part of the price reform, Wang Qian said that the prices of farm, side-line and native products would be subject to market regulation.

The price differences between products of varying quality would be widened and controls relaxed over prices of above-quota products directly marketed by the producers. Yang Ruxian, an NPC deputy from an outlying county under Chongqing's administration, said that the relaxation of controls over the prices of certain farm and sideline products had helped boost output and increase market supplies.

#### Shandong Governor Makes Speech

OW020001 Beijing Domestic Service in Mandarin 1200 GMT 29 Mar 85

[Text] According to a dispatch by this station's reporter, Liang Buting, NPC deputy and governor of Shandong, said at a group discussion today that Premier Zhao Ziyang's report is a fine one because it deals with the fundamental issues in our nation's current reforms and measures to open to the outside world and to enliven the economy.

He said: Like other parts of the country, the economic situation in Shandong is highly gratifying. The province's industrial and agricultural output reached 77.28 billion yuan last year, an increase of 16 percent over 1983. Progress, however, was also marred by some new problems. To make a success of our reforms, we must properly handle relations in three areas:

First, we must properly handle the relationship among the speed of growth, performance and staying power. In actual work, we often focus our attention on speed of growth, output and output value, and ignore variety, quality and economic results. Because of an excessively large inventory of unsold goods last year, a large amount of funds was withheld from circulation. Such speed of growth yields no economic results, and is therefore deceptive. We must earnestly study Premier Zhao's government work report, have a clear idea of the dialectical relationship between speed of growth and economic results, and combat the idea of seeking nothing else but output value and quick growth. The key to achieving speed of growth, economic results and staying power lies in ensuring the needs of the key construction projects and upgrading the technology of our existing enterprises.

Second, we must properly handle the relationship between overall economic strategy and economic activities. This means that localized interests must be subordinated to the interests of the whole, and that immediate interests must be subordinated to long-range interests. It also means that we must not impair overall and long-range interests by paying attention only to local interests and those of our own units.

Third, we must properly handle the relationships between opening to the outside world, enlivening the economy and enforcing discipline. While opening to the outside world and enlivening the economy are national policies that must be upheld, we must also heighten our sense of organizational discipline.

We must request the higher authorities' instructions on how to handle all major issues having a direct bearing on the overall situation and involving a broad area, and should not make decisions all by ourselves. Our enterprises should properly use their decision-making power the state has given them to invigorate their operation and production, and must never abuse that power, much less use it to seek personal gains, raise prices, and issue bonuses in cash or in kind recklessly.

Chen Lei on Open-Door Policy

OWO20315 Beijing XINHUA Domestic Service in Chinese 1432 GMT 29 Mar 85

[By reporter Zhang Chijian]

[Text] Beijing, 29 Mar (XINHUA) -- Chen Lei, NPC deputy and governor of Heilongjiang Province attending the Third Session of the Sixth NPC, told this reporter: Heilongjiang Province has established trade contact with more than 70 countries, so the northernmost province of the motherland is no longer closed up as a result of implementing the policy of opening to the outside world.

Chen Lei said: Heilongjiang Province has no trade contact with foreign countries before implementing the policy of opening to the outside world. "However, the situation was very good in 1984." He then said excitedly: In 1984, 1,145 businessmen came to Heilongjiang Province from abroad, as well as Hong Kong and Macao, to hold talks with us on technical cooperation projects and import-export trade. Fifty six projects involving compensatory trade, making use of foreign funds to import advanced technology and equipment, and engaging in technical cooperation with foreign countries in production were started, and the transactions concluded were valued at more than U.S. \$326 million, a nine-fold increase over 1983. He said: "Importation of advanced technology has played a positive role in transforming the old industrial base of Heilongjiang Province."

Chen Lei also told this reporter: "Heilongjiang Province has set up trade organizations in Shenzhen, Guangzhou, Dalian, Hong Kong, and Macao in order to do a better job in opening the province to the outside world. At the same time, the province has also established stable economic and cooperative relations with 20 fraternal provinces, municipalities, and autonomous regions as well as with more than 130 prefectures and cities, has signed over 1,500 agreements on economic, technical, and material cooperation with them, and has absorbed funds totaling 80 million yuan."

Tianjin Mayor on Work Report

OWO20751 Beijing XINHUA in English 0720 GMT 2 Apr 85

[Text] Beijing, April 2 (XINHUA) -- A thorough study and a good grasp of the characteristics of urban economic restructuring are vital to its smooth progress, the mayor of Tianjin said here today.

Li Ruihuan, mayor of one of the three municipalities under direct central government administration, made this remark at a panel discussion of Premier Zhao Ziyang's report to the current National People's Congress session. Li said he fully agreed with the guiding principle set forth in the report that the reform must be carried out firmly and prudently.

"To do so," he said, "we must proceed from actual conditions of the economic structure in China's urban areas, adopt practical and appropriate measures and advance steadily."

Li stressed that urban economic reform must take into account its bearing on the national economy, since cities were the center of regional or national economic activity.



He said that over half of Tianjin's industrial products went elsewhere in the country, soda alone to 19 cities and provinces. "If anything goes wrong with the reform, the national economy and the people's livelihood will suffer." Moreover, efforts should be made to ensure that the urban reform would increase state revenue because industrial production accounted for a large part of the state treasury's receipts, he said.

Another point that merited attention was the inter-dependence and relationship of check and balance between city departments including industry, transportation, capital construction, trade, science and culture, Li said. These departments should strengthen ties and coordinate their action in reform so that none would lag behind and upset normal economic activity as a whole, he emphasized.

The mayor said that historically the Chinese Communist Party was more familiar with the rural areas. "That makes it all the more important for us to look carefully before taking each step." Unlike the rural population, urban dwellers with their greater population density depended more on society and the supply of consumer goods. "No reform measure should benefit the selfish interests of some units at the expense of the normal life of the city and the people's well being," he said. Things such as a day's shortage of coal or vegetables should never happen in cities, although they caused little problem in the countryside, he said.

#### Official on Educational Budget

OW011750 Beijing XINHUA in English 1438 GMT 1 Apr 85

[Text] Beijing, April 1 (XINHUA) -- China appropriated 14.931 billion yuan for education in 1984, more than double the 1978 figure, according to a Finance Ministry official here today.

This did not include the nearly three billion yuan of appropriations in education by capital construction departments, state-owned enterprises and other organizations. The official was answering questions at a panel discussion of the Beijing deputies to the Third Session of the National People's Congress here. The deputies had been deliberating Premier Zhao's government work report.

The Finance Ministry official answered a number of questions concerning education. According to the official, the growth in educational appropriations was higher than that of the state expenditure. The average annual growth rate of the former between 1978 and 1984 was 14.7 percent while that of the latter was 4.9 percent. The annual educational outlays in 1984 accounted for 10.4 percent in the state expenditure, 4 percent up over 1978, he added. Higher growth in educational expenditures would be expected in the coming years, he said.

#### DENG YINGCHAO ATTENDS CPPCC PLENARY MEETING

OW011641 Beijing XINHUA in English 1431 GMT 1 Apr 85

[Text] Beijing, April 1 (XINHUA) -- Members of the National Committee of the Chinese People's Political Consultative Conference gathered today in the Great Hall of the People for the second plenary meeting of its current session. Addressing the meeting, ten CPPCC members expressed their views on Chairwoman Deng Yingchao's opening speech and Premier Zhao Ziyang's report on government work to the Third Session of the Sixth National People's Congress, and CPPCC Vice-Chairman Hu Ziang's report on the CPPCC's work.

Economist Qian Jiaju said that conditions were now ripe for China's all-round economic restructuring just six months after the Communist Party decision was adopted. "This is really beyond my expectations," he said. He said he was glad that China's economic set-up had broken away from the closed and rigid pattern formed over a long period.

Gu Yuquan said in his speech that the country's total output value of 1,000 billion yuan and the growth rate were unprecedented in Chinese history. Facts had proved that the economic reform was not only necessary but also capable of raising the productive forces, he added.

Wu Yuanlong, an entrepreneur who returned from Taiwan to settle on the mainland in 1981, said he had witnessed tremendous changes since his return. The mainland had become more democratic, more open and more lively, Wu said. "Our country has become more stable and united, and our economy is growing." "I'm glad I made the right choice in returning to the mainland," Wu said.

Other speakers included Miao Yuntai, vice-chairman of the CPPCC National Committee; Gian Weichang, a specialist in mechanics; T. K. Ann, chairman of the Winfor Industrial Corporation, Ltd., in Hong Kong; and Li Tzu-sung, editor-in-chief of the Hong Kong WEN WEI PAO. All speakers agreed that the CPPCC should play a bigger role in the economic reform. They also made suggestions regarding the reunification of the country and the reform of the educational structure.

Present at today's meeting were Deng Yingchao, chairperson of the CPPCC National Committee. The meeting was presided over by vice-chairpersons Kang Keqing, Yang Chengwu, Zhou Peiyuan, Miao Yuntai and Zhao Puchu.

#### ARTICLE ON MACROECONOMIC REGULATION IN REFORM

HK300210 Beijing RENMIN RIBAO in Chinese 18 Mar 85 p 5

[Article by Wang Jiye: "Problems of the Economic Environment and Macroeconomic Regulation in Structural Reform"]

[Text] Our urban economic reform is developing in depth and breadth. It has injected new vitality into the economy. Enthusiasm in various quarters has been further aroused. An unprecedentedly favorable situation has appeared in socialist construction. Under this very favorable situation, we must be level-headed and pay attention to studying the new situations and new problems appearing in economic life. The phenomena of disharmony now appearing in certain macroeconomic sectors, such as a too rapid growth of consumption funds, a relatively big rise in the prices of certain commodities, and so forth, remind us that we must take necessary measures to strengthen macroeconomic regulation and strive to maintain a relative balance between supply and demand in society, creating a favorable economic environment for the economic reform.

#### What Type of Economic Environment Is Required for Economic Reform?

People cite many things in discussing what kind of economic environment is required for economic reform. I think that the following things are relatively important:

We must have an appropriate pace for economic growth, with room for maneuvering. Such a pace is one of the results of reform and is necessary for further reform.

In the process of the economic reform, an excessively high rate of economic growth will greatly strain economic relations. This will not help us to further smooth economic relations and turn attention to increasing economic results. It will also make it impossible to handle the problems that appear in reform, or to have room left to maneuver. Therefore, to have a broad economic environment for reform, we must have room for economic growth; and we must guard against seeking only fast results.

Major proportionate relations must be generally harmonious. The industrial structure must be rational. Only harmonious proportionate relations established on the basis of a rational industrial structure can be strong and lasting. A rational industrial structure must also be readjusted and changed in line with changing needs. A readjustment of the industrial structure involves a process which is secondary to changing needs. This determines that in regard to major proportionate relations in the national economy, we can only pursue a balance in trends, a good situation in regard to changing needs, or a good situation in regard to readjustments of the industrial structure. Only with the realization of such balance and good situations can favorable conditions be created for reform.

To bring about a turn for the better in economic results, we must especially seek an improvement in macroeconomic results. True, in overall terms, results brought by reform can be seen only after some time. But the role of reform in improving operations and management is relatively obvious. An improvement in the results of the use of funds and a reduction in the consumption of products and commodities should be the immediate objectives of reform. Only in this way can the shortage of funds and commodities in reform be relieved and can improved economic results be relied upon to support reform.

The market and financial conditions must show relatively stability. The economic environment required for reform is expressed by market and financial conditions. The market is the summation of supply and demand relations. A general balance between supply and demand is based on a fundamental balance in the supply of and demand for funds and the supply of and demand for issued currency. In the process of reform, the state must exercise leadership over the market, and must control and influence it. Given a planned commodity economy, the core of the whole market is the financial market concerning foreign exchange. Therefore, a proper balance in loans and foreign exchange is of very great importance in safeguarding the smooth progress of the reform.

We must maintain a balance between supply and demand in society, especially between overall needs, including accumulation and consumption, and overall supplies, including national income. Involved here are both a balance in total funds involved and a balance in product mix. The two influence each other. Where supply in society exceeds need, even with an imbalance in product mix, a broad economic environment is generally provided for the economic reform because of the relative room left for readjustment. Where supply in society is obviously less than need, this, which is often accompanied by an imbalance in product mix, gives rise to some difficulties in reform. In order to guarantee the healthy growth of the reform, there must be a quick switch in the emphasis on major decisions to the regulation of a balance and a link between supply and demand in society. The pace of the reform must also be appropriately slowed in line with the adaptability of the economy.

The above is being discussed in terms of a general economic environment for reform. In the early stage of the reform, it is unrealistic and impossible to be fully prepared by having the above conditions. Some conditions must be gradually perfected in the process of reform.



## The Economic Environment Now Prevailing for Reform

Our urban economic reform started with a situation marked by the following: great success achieved in the rural reform, experiments with enlarged decision-making power for industrial enterprises with initial results achieved, a reduction through readjustment in the excessively large scale of capital construction, a trend toward a rational balance between accumulation and consumption, a sustained increase in industrial and agricultural production, a gradual improvement in the people's living standards, and the appearance of a "buyer's market" for certain commodities. Generally, the reform has been blessed with a relatively favorable economic environment. We should also note that carrying out the reform will have an effect on changes in the economic environment. These changes can cause a still more favorable economic environment for further reform, but can also bring some new problems for reform through failure to solve unavoidable new contradictions that may appear. These problems are mainly the following:

First, the economic reform is a process of a new system replacing an old one. Involved here is not only the problem of a link between the disintegration of the old system and the gradual establishment of a new system, but also the problem of the interaction of the new and old mechanisms. All this calls for a relatively high level of macroeconomic regulation and the proper handling of a link between policies, in order to control the operation of the economy in the process of reform. If macroeconomic regulation fails to catch up, we will end up stressing one thing to the neglect of another or will fail to distinguish in irregular economic phenomena the results of the old policy still in force and the results caused by a less than perfect new system in operation.

Second, under the dual system, enterprises owned by the whole people are in the process of transition from a producer of products to a relatively independent producer of commodities. Given failure to properly carry out the system of responsibility for profits and losses and imperfect economic accounting, enterprises owned by the whole people under the dual system can continue to share equally in the "big rice pot" of the old system and also benefit as commodity producers. Enterprise production combines inexpensive supplies from the state with negotiated purchases, marketing agreements, and market regulation. Given dual circulation outlets and dual prices, some enterprises can not rely on improved operations and management and improved economic results, but must rely on price markups and price differences to make profits. Social wealth does not grow because of this. If macroeconomic regulation just takes care of enlarged decision-making power for enterprises and disregards or weakens overall balance, then the state can hardly have adequate financial and material resources for reforms.

Third, with the unfolding of reform, the economy is in the process of transformation from a closed system to an open one with contacts for the sake of economic development ever growing in scope. Transformation from a closed-door economy to an open-door one will inevitably give rise to various conflicts within the existing system. A system geared to an open-door economic system cannot be set up overnight. Therefore, a diffusion of funds and material goods can hardly be avoided. Given such a complicated economic environment, we must, on the one hand, put reform on a stable basis and, on the other, seek a systematic transition from a closed-door economy to an open-door one. We cannot get things going all at once, demanding progress in both areas at the same pace. Macroeconomic regulation calls for realistically and properly linking the two, enabling reform to benefit the open-door approach and the benefits brought by the latter to support the former.



Fourth, in the process of reform, for an enterprise, department, or area, there is the problem of transition from the separation of rights, responsibilities and profits to the combination of rights, responsibilities, and profits. Given enlarged decision-making power, if responsibilities are not well defined, a still larger scope of equally sharing in the "big rice pot" will result. It is no simple task to bring about the proper combination of rights, responsibilities, and profits and enable this to enliven things in microeconomic terms and yet to strengthen macroeconomic control. This calls for a process of exploration and practice. Unless a satisfactory solution to this problem is obtained, the results of the use of funds and material goods will not show marked improvement. There will also not be a fundamental turn for the better in the state's financial and economic conditions.

Fifth, in reform, the planning system is changing from having an emphasis on mandatory plans to stressing guiding plans. In this process of change, when reducing mandatory plans, we should substitute guiding plans or market regulation. But with an irrationality of economic levers and a lack of coordination, guiding plans can hardly play an effective role. Thus, given the ever narrowing scope of economic activities directly controlled by the state and the helplessness of those sectors indirectly controlled by it due to the imperfection of the means of regulation, the appearance of certain cases of macroeconomic blindness can hardly be avoided.

Sixth, in the process of economic reform, the industrial structure is being readjusted in line with the ever changing needs. Given no planned handling or control of purchasing power for needs where the capacity for immediate payment is concerned, the industrial structure can hardly be brought in line with needs and changes. Given a fixed production scale and product mix, if consumer demand is excessive, with part of it not translated into consumption in real life, surplus purchasing power will result. If commodity prices are basically stable or if the banks show a strong capacity for absorbing surplus purchasing power and making effective use of it, then no problem will arise. But if there is an acute shortage of commodities, excessive consumer demand will bring relatively great pressure to bear on the market, affecting the stability of commodity prices and the rational readjustment of the industrial structure.

To sum up the above, we can see there is a dynamic economic environment in which our economic reform is occurring. At present the focus of the reform is on the wage system and the price system. These two systems will require great efforts in reform, but must be subjected to reform. This means that we must strive to create a favorable economic environment for the reform of the wage system and the price system, despite changing trends, and to avoid the loss of macroeconomic control, avoid big price fluctuations, and avoid big mistakes in macroeconomic decisions.

#### Strengthen Macroeconomic Regulation and Create a Favorable Economic Environment for Reform

On the one hand, the economic reform stimulates the development of social production and adds to total supply in society. On the other hand, it serves to change the existing distribution relations and expand total demand in society. The proper handling of this ever increasing supply and demand in society and a balance in product mix can be achieved chiefly by relying upon effective macroeconomic regulation. Meanwhile, it should also be noted that a balance between overall supply and demand in society, especially in regard to product mix also governs the pace of the economic reform to a fairly large degree. We can make the assumption: When demand in society does not exceed supply and when demand and supply are generally balanced, a relatively large stride forward can be taken in economic reform.

Even given the appearance of problems, there is plenty of room for macroeconomic regulation. When supply and demand in society are fundamentally in balance, and when they are basically balanced, an even pace can be maintained in economic reform. Even given the appearance of problems, the vitality brought about by the reform and the financial and material resources provided by it can be used to temper contradictions arising from increased demand that might not have been predicted. When supply and demand are fundamentally in balance but when there are serious imbalances in mix and when the task of readjusting the industrial structure becomes more urgent and complicated, the pace of economic reform should not be too ambitious. When demands clearly exceed supply and there is an imbalance in mix, the emphasis of macroeconomic regulation must be quickly shifted to the control of the growth of demand, enabling the latter to balance with supply so that a relatively broad economic environment can be created for the readjustment of the industrial structure and the reform of the system. At this point, only small steps can be taken in the economic reform.

Generally, in taking each step in the economic reform, we must look forward and backward, left and right to find out whether or not a step taken has been conducive to the readjustment of the industrial structure and to a relative balance between supply and demand in society. To achieve this end we must enlarge our scope of vision in macroeconomic regulation, organically linking economic development with the economic reform. This is the key to macroeconomic regulation. We must do the following:

First, we must realistically bring macroeconomic plans and arrangements in line with the implementation of measures for the reform of the system, unify policy decisions, and seek a proper balance under the guidance of policy decisions. In arranging macroeconomic plan, we cannot set our sights on only production, distribution, exchange, and consumption. We must also take reform into account and predict the vitality and effects likely to follow. In the past, when we called for a macroeconomic balance, we put the main emphasis on production and construction and the people's lives. Now this is not enough. We must include reform. In the past, when we called for a macroeconomic balance, we put the main emphasis on a material balance. Now this is not enough. We must stress a balance between supply and demand where funds are concerned. We must concretely set the pace for reform on the basis of a general balance and in line with the state's ability to provide financial and material resources.

Second, we must seek unity between proper macroeconomic control and microeconomic flexibility. In the process of reform, we must strive to look for areas of macroeconomic and microeconomic unity. From the angle of a guaranteed balance between total needs for accumulation and consumption and total national income, enlargement of the decision-making power of enterprises must go hand in hand with the establishment of a strict economic responsibility system, with a link between input and output in production, and with a link between remuneration for work and economic results in distribution. The overly rapid growth of consumer demands must be controlled through the distribution of national income, so that it can be brought in line with the growth of the production of the means of subsistence. The overly rapid growth of investment needs must be controlled, so that their growth can be brought in line with the growth of the means of production. The important thing here is that the pace of economic growth must be appropriate. Only in this way can the overly large scale of investment be reduced.

Third, we must have a correct consumption policy. At present an overly sharp rise in our country's consumer demand has appeared due to consecutive years of bumper harvests in agriculture and a sustained high-speed growth in industry. As far as the product mix is concerned, there has been a large increase in the production of grain, cotton, and some industrial products for everyday use.

On the other hand, some commodities have proved unmarketable and have stockpiled, while many top-quality durable goods and certain foodstuffs have been insufficient to meet the demand, with some commodities often in short supply. As far as needs are concerned, the main problem is that the scope of consumption is relatively narrow, the consumption of goods of a commercial nature is proportionately low, and the consumption of goods from self-supporting industries and goods supplied wholly or partially by the state is proportionately too high. There is more material consumption and less service consumption. Material consumption is often concentrated on a small number of commodities. Prices for service consumption are on the low side. Therefore, in stepping up the readjustment of the industrial structure (including the energetic development of the tertiary industry), on the basis of developing production and raising labor productivity, we must not only enlarge the scope of consumption and raise the level of consumption, but also adopt correct policies and measures on the basis of the existing level of production development and the existing industrial structure to control and guide consumption so that it can not only stimulate production but also help expand the market.

Fourth, we must give full play to the role of market mechanisms in regulating total supply and demand in society. Given a planned commodity economy, market mechanisms do not assert their role automatically and are not freely manipulated by the relations of market supply and demand. In giving full play to the role of market mechanisms, we must not only take supply and demand into consideration, but also consider the industrial structure and the consumption policy, so that supply and demand in society can be regulated in a planned manner. In regard to market mechanisms, we must pay attention to study and using the financial market mechanism and must particularly regulate foreign exchange receipts and payments well. To maintain a balance between foreign exchange receipts and payments and yet allow for a slight surplus is an important aspect of a balance between supply and demand in society. We must adopt effective measures, exporting more and thus earning more foreign exchange. Only in this way can we introduce more foreign technology and have more imports to accelerate the development of the domestic economy and bring about a benign national economic cycle in an open-door economic environment.

At present, the strengthening of macroeconomic regulation calls for not letting total demands, including accumulation plus consumption, exceed the total supply of national income by too great a margin. This is a prerequisite for the proper distribution of funds, a fundamental balance in receipts and payments in regard to loans, and the prevention of too large a scale of investment and overly large fluctuations in commodity prices. The realization of the goal of macroeconomic regulation can put reform on a more stable basis, creating a better economic environment.

#### LI PENG ON COMMUNICATIONS, ECONOMIC DEVELOPMENT

OW010357 Beijing XINHUA Domestic Service in Chinese 1220 GMT 31 Mar 85

[By reporter Yang Like]

[Text] Beijing, 31 Mar (XINHUA) -- Addressing the closing session of the national conference on communications today, Vice Premier Li Peng said that the development of communications and transport services should be faster, or should at least be as fast as the national economic development.

Li Peng said: The development of communications is essential for the development of the commodity economy. There should be a rapid expansion of communications in China for the next 15 years.



He maintained that communications still remain a weak sector in the national economy, and that expansion of communication services is absolutely necessary because many services cannot keep up with economic development in cities and rural areas.

Li Peng said communications departments' main projects of reform should include separation of government administration and enterprise management, streamlining their administration, delegating greater authority to various communications enterprises, and encouraging the whole people to develop communications services, collectively or individually.

On restructuring the communications system, Li Peng pointed out: On the basis of continuing to bring into play the main role of rail transportation, emphasis will from now on be placed on developing highway and water transport, and on giving full scope to short-distance highway and inland river transport. He said that, in order to build a coordinated nationwide communications network, all trades and professions should remove the barriers between them.

Li Peng said: In addition to practical principles and policies, an important measure for developing communications and transport services is to adopt modern science and technology, and build more high-standard highways and freeways to alleviate shortage of transport facilities. Moreover, docks should be rebuilt and waterways should be dredged so that they can accommodate greater traffic, and so that their capacity can be expanded.

Li Peng stressed: Development of communications and transport services should also include the training of communications workers and leaders. He said: Communications workers travel widely and their contacts with society are extensive. Such being the case, communications workers should be moral, educated people with lofty ideals and a high sense of discipline.

#### ECONOMIST ON INDIVIDUAL ECONOMY, CAPITALISTS

HK010621 Guangzhou YANGCHENG WANBAO in Chinese 27 Mar 85 p 2

[Interview by Lan Guiliang "Noted Economic Xu Dixin Says That Under Socialist Conditions We Need Not Worry That the Development of the Individual Economy Will Generate Capitalists"]

[Text] During the past few years, as we have implemented the principle and policy of opening up to the outside world and enlivening the domestic economy, there has been a relatively great development in our individual economy. But some people have asked: Will the development of the individual economy generate capitalists? In order to correctly understand this issue, this reporter interviewed Xu Dixin, a well-known economist in our country, and asked him to give his views on this question.

Xu Dixin said: It is good that we pay attention to this question from the political and ideological plane. But generally speaking, under socialist conditions, the developing individual economy will not generate capitalists. In particular, under the current circumstances whereby the individual economy is not developing quickly and does not constitute a large proportion of our national economy, such apprehension is unnecessary. Our reasons for this are:

First, although there is private ownership of the means of production in both the individual economy and the capitalist economy, there are essential differences between them. What we call a capitalist is a person who possesses the means of production and relies for his living on exploiting the surplus value of wage labor.



When Marx expounded on the capitalists he said that a capitalist had a large amount or a certain amount of the means of production as his capital to exploit the surplus value of wage labor. If an entrepreneur does not own a large amount of the means of production, if he takes part in labor himself, and if the value created by wage labor (the income) is merely enough to support the entrepreneur as an individual or his family, this entrepreneur cannot be regarded as a capitalist. Only when his income greatly exceeds what is necessary for his needs as an individual or for the needs of his family and thus becomes surplus value, and in particular, only when in addition to what is necessary for improving his and his family's living standard does he possess the capital to expand the scale of reproduction and become able to employ more laborers, can he become a capitalist. In an individual economy, the source of value is the labor of the laborer as an individual (including his family members' labor). According to Marx' words, the process of their production is a unity of the process of labor and that of the formation of value. In this process there is no exploitation of surplus value. However, the process of a capitalist's production is a unity of the process of labor and that of the increase in value. In this process there is the exploitation of laborers by the capitalist and the exploitation of surplus value. Therefore, we should not erroneously term a capitalist an individual trader who earns much income, and even less should we be jealous of them.

Second, there is unity as well as contradictions between the individual and socialist economies. The individual economy is a sector of private ownership, and people in this sector often conduct production and management blindly, pass defective goods off for good ones, push prices up and undermine order in our markets. These activities are in conflict with the socialist public ownership and the goal of socialist production (management). Therefore, the state must administer the individual economy. However, the individual economy can play a marked and satisfactory role in fields where state-owned and collective enterprises do not or seldom operate. They thus play a positive role in enlivening the economy and satisfying the demands of society and act as an indispensable supplement to the socialist economy. Of course, if we slacken our control, a small part of our individual traders may develop and become capitalists. However, under the leadership of a strong socialist state and socialist economy, it is impossible for most of our individual traders to become capitalists. This is because under socialist conditions, the existence and development of the individual economy are restricted and controlled by the socialist economy. Therefore, the state can apply economic levers such as taxation and credit to control the individual economy and make it impossible for individual traders to operate at will. This restricts their ability to become rich and makes it impossible for any of them to become capitalists.

Xu Dixin concluded: Ours is a country with a huge population where there are millions of youths to provide jobs for every year. Therefore opening up the path of developing the individual economy is conducive to stability and unity. True, an individual economic sector is relatively complicated, but why should we fear an individual economy since we do not even fear the "three unchanges" in Hong Kong for 50 years nor the establishment of joint ventures and sole proprietor enterprises of foreign capitalists in our special economic zones and hinterland?!

JIANGSU'S GU XIULIAN CHAIRS AIR DEFENSE MEETING

OW011125 Nanjing XINHUA RIBAO in Chinese 17 Mar 85

[Text] Governor Gu Xiulian presided over a meeting of the provincial People's Air Defense Committee on 16 March. The meeting heard a report by the provincial People's Air Defense Office on its work of last year and decided that in the future the people's air defense work will be subordinate to and serve the general goal of the four modernizations and vigorously raise combat effectiveness and social and economic results, so that the people's air defense installations can not only protect people's lives and property in wartime, but also serve the building of socialist material and spiritual civilizations in peacetime. The meeting also passed in principle the "detailed rules and regulations of Jiangsu Province on maintenance and management of the people's air defense projects."

JIANGXI'S BAI DONGCHAI PRESENTS COMMENDATIONS

OW301128 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 29 Mar 85

[Text] According to a report by this station's correspondents (He Qianli) and (Gu Xianxiang), the CPC Committee of organs at the provincial level held a meeting this afternoon to commend and reward 55 advanced party branches and 292 outstanding party members.

Attending the meeting were First Secretary Bai Dongcai and Deputy Secretary Wang Shufeng of the provincial CPC Committee. They presented citation banners to the advanced party branches.

The 1984 emulation drive among organs at the provincial level to compete for titles of advanced party branch and outstanding party member was launched under the excellent situation during which the current comprehensive party rectification was under way. Through study of party rectification documents in the past year or so, party members of organs at the provincial level have increased their understanding and enhanced party spirit. Aware of the need to rectify unhealthy practices and using a correct ideological line to guide their professional work, they have boldly become involved in the current reform.

Among the advanced party branches commended at the meeting were party branches of various organs that improved their work style and served the people heart and soul. Also commended were grassroots party branches that devoted themselves wholeheartedly to reforms and developed their role as a fighting bastion in the four modernizations drive.

Among the outstanding party members commended were advanced and exemplary individuals who were bold in creating something new while performing their duties, production pacesetters working on the frontline of four modernization, and a large number of outstanding intellectuals who carried out scientific research projects tirelessly and dedicated themselves to the four modernizations.

SHANDONG COMMENTARY URGES RESOURCE DEVELOPMENT

SK010525 Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Mar 85

[Station commentary: "Natural Resources Should Be Rapidly Exploited To Benefit the State and the People"]

[Text] To exploit the underground mineral resources as soon as possible and make them available for the program of building the four modernizations, the central authorities have put forward the principle of conducting large-scale exploitation among major mines, easing the restrictions on conducting exploitation among small-sized mines, and enabling all natural resources to be rapidly exploited.

Upholding this principle will result in the following benefits: 1) We can provide as many and as much energy resources and wealth for the state as possible. 2) We can make arrangements for the surplus labor force in rural areas to provide favorable conditions for the readjustment of the industrial structure among rural areas. 3) We can increase the income of peasants. 4) We can thoroughly exploit some scattered and inactive mines that are not suitable to the state-level mining operation in order to bring their economic returns into full play.

Since 1984, peasants throughout the province have made greater progress in mining operations. In 1984, the province had more than 8,400 township- and town-run enterprises that engaged in mining production, and which realized more than 700 million yuan in total output value, a 67.4-percent increase over the 1980 figure. However, under the influence of the leftist line, some localities still go about mining production little by little without letup, hindering further development in mining industries. Therefore, various localities must continue to eliminate leftist influence, earnestly implement the mining principle issued by the central authorities with regard to exploiting natural resources as rapidly as possible, and uphold the principle of simultaneously conducting mining operations among the state, collectives, and individuals in order to bring about new improvement in mining industries throughout the province and provide much wealth for the country and the people.

#### SHANGHAI LEADER SPEAKS AT PROPAGANDA MEETING

OW301830 Shanghai City Service in Mandarin 0100 GMT 30 Mar 85

[Excerpts] Speaking at a municipal meeting of propaganda cadres yesterday morning, Mayor Wang Daohan said: Shanghai's economic situation has become better each year and is making steady progress in both reform and opening to the outside world. We must implement the principle of winning the battle of reform by persistent efforts and careful planning to achieve healthy economic and social development. Mayor Wang Daohan called on the propaganda cadres to seriously study documents of the current Third Session of the Sixth NPC and make the reform and opening to the outside world a success in Shanghai.

Dealing with the issue of correcting new unhealthy tendencies, Mayor Wang said that we should not over-simplify the problem. Taking Shanghai's actual conditions into consideration, the municipal CPC Committee has taken several actions: First, to resolutely curb unhealthy tendencies; second, to carry out investigation and study, analyze the situation, and draw a line of demarcation; and third, to distinguish between different cases and handle them separately.

Mayor Wang Daohan said: Shanghai's strategy for current and future economic development has been approved by the State Council. Through reform and revitalization, Shanghai is to become an open-type, multi-function, industrially well structured, scientifically and technologically advanced, and highly civilized modern socialist city by the end of this century.



GUANGDONG CONSTRUCTION BANKS PROPOSE MEASURES

HK310708 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Mar 85

[Text] The meeting of all construction banks throughout the province, which concluded in Guangzhou yesterday afternoon, decided to carry out an all-round inspection of credit work, to further strengthen control over credit funds, and to control money put into circulation so as to promote the smooth progress of economic reform.

Over the past 2 years, in the course of economic reform and economic construction, the provincial construction bank has played an active part in vigorously supporting the development of production and improving the masses' livelihood. However, the business orientation of a small number of branch banks has been incorrect. There have existed such problems as not issuing loans at the end of the year in accordance with plans.

To correct the orientation of business and to invigorate and do well in credit work, the meeting put forward four points: 1) To seriously investigate all irrational loans since last year, particularly since December; 2) to step up the recovery of all loans, to strictly control money put into circulation, and to immediately stop issuing all irrational loans which violate policies; 3) to seriously investigate trust loans and investment work which are to be handled this year and to temporarily cease to handle new trust loans and investment work; and 4) in the control of credit, to correctly handle well the relationship between controlling and invigorating the economy and to give full play to the role of credit in supporting economic construction.

COMMENTARY ON SPEEDING UP HAINAN'S DEVELOPMENT

HK010918 Beijing JINGJI RIBAO in Chinese 27 Mar 85 p 2

[Commentator's article: "Speed Up the Development of Hainan Island in the Course of Restructuring and Opening the Economy to the Outside World"]

[Text] Rich in natural resources and dotted with beautiful natural scenery, Hainan Island is China's second biggest treasure island. Since the central authorities decided to speed up the development and construction of Hainan Island the year before last, with support from all parts of the country and the concerted efforts of the people of all nationalities on the island, construction in all fields has been vigorously carried out, thus achieving great successes. The facts indicate that the central principle concerning the development of Hainan Island is entirely correct. The task lying ahead is to unswervingly implement the principles and policies of the central authorities, make a success of the development of the island, and attain the fixed goal so as to accelerate the development of the country's four modernizations program and to promote the realization of its great cause of reunifying the motherland.

Hainan Island should speed up its construction in the course of restructuring and opening the economy to the outside world.

As far as Hainan Island is concerned, agriculture occupies an important position. In rural reforms, it is necessary to resolutely implement the central Document No 1 and to strive to develop rural commodity production. To this day, the island's agriculture economy is still basically a monoculture economy. Farm produce is unitary in variety, commodity production remains quite underdeveloped, and many local natural strengths are far from being brought into full play. It is, therefore, necessary to readjust the structure of agricultural production step by step and in an active way; to vigorously develop subtropical industrial crops, animal husbandry and breeding, and agricultural and sideline processing industries on the basis of steadily increased grain production; and to keep a tight hold on the planting, breeding, and processing industries, and circulation simultaneously, to push the island's rural commodity production to new heights, and to further invigorate the rural economy.



In doing a good job in the development and construction of the treasure island, the construction of energy, transportation communications, and other sectors is extremely important. It is necessary to make a success of the readjustment and reform of existing enterprises with priority given to the attainment of better economic results, to raise the level of operations and management, to promptly change the situation in which quite a number of enterprises are operating at a loss, to strive for a switch to the tracks of business-related production, and to put an end to the situation in which product quality is low, capital turnover is slow, and economic results are not high. So long as the existing enterprises strengthen their operations and management and make up deficits and impress surpluses, this will provide a solid foundation for the development and construction of Hainan Island.

In recent years, Hainan Island has made great headway in absorbing foreign capital and in working together with other provinces and cities to develop the treasure island. This is an important way to resolve the problem of construction funds. While striving to successfully implement the policy of opening to the outside world, not only must we import foreign capital and equipment, more importantly, we must stress importing advanced technology and management expertise in conjunction with local actual conditions. Only in this way can the development and construction of the island be speeded up.

At present an important task confronting cadres at various levels on the island is to be good at learning. The central policies have opened up a bright road and magnificent prospects for the development of Hainan Island.

However, the realization of our ideals requires cadres at various levels take the lead in making tremendous efforts. Therefore, it is necessary to study economics, to master management techniques, and to really switch our ideas onto the track of giving priority to economic construction. The people of Hainan Island are a people with glorious revolutionary traditions. The sons and daughters of the people of all nationalities on the island have made great contributions to the liberation cause of the Chinese people. It is entirely justifiable to believe that they will surely make more and greater contribution in the current development of the construction of Hainan Island.

#### GUANGDONG CPC SYMPOSIUM ON INTELLECTUALS

HK020508 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 1 Apr 85

[Text] The symposium of the Guangdong Provincial CPC Committee on the implementation of the policy toward intellectuals opened in Guangzhou this morning.

Yang Yingbin, deputy head of the intellectual work inspection leadership group for the provincial CPC Committee and provincial CPC Standing Committee member, spoke at the symposium. In his speech Comrade Yang Yingbin summed up the situation in implementing the policy toward intellectuals in our province since the 3d Plenary Session of the 11th CPC Central Committee. He said: The party organizations of all bureaus and departments in our province have done much work in implementing the party's policy on intellectuals. Over the past few years some 45,500 intellectuals who have both ability and political integrity have been selected and promoted to leadership posts at all levels. The problems of intellectuals finding it hard to join the party have been gradually solved. Some 14,000 intellectuals throughout the province were absorbed into the party last year. The intellectuals' condition for work, study, and livelihood have improved in different degrees.

According to incomplete statistics, last year in the whole province some 200 intellectuals housing conditions improved; the problems of some 80,000 intellectuals living apart from their spouses were solved; the problems of some 20,000 scientists and technologists not applying what they studied were solved after readjustment; grievances, trumped-up cases, and miscarriages of justice which involved intellectuals and which had been left over by history were reversed and corrected; and work concerning returned Overseas Chinese and family members of Overseas Chinese was strengthened.

Comrade Yang Yingbin pointed out: Although our province has achieved certain results in implementing the policy on intellectuals, many problems still exist. Prejudice against intellectuals has not been completely eliminated. The problems of intellectuals finding it hard to join the party have not been completely solved. Some intellectuals have not been really and boldly employed and fully trusted to ensure that they have posts, powers, duties. The phenomenon of intellectuals not applying what they have studied and what they have mastered still exists.

Comrade Yang Yingbin emphasized that we must take resolute and vigorous measures to solve these existing problems. We must not allow the problems of implementing policy to hinder the four modernizations.

This symposium is the largest meeting in our province on the implementation of the policy concerning intellectuals. The symposium will last 5 days.

#### HUBEI COUNTY'S DEMOCRATIC ELECTION OF PARTY LEADER

HK310227 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 Mar 85

[Text] With the help of the upper-level party committee, Songzi County recently democratically elected a county CPC Committee secretary. Participating in the election were district and town leaders, cadres at and above section and bureau chief level in the county organs, and middle-grade intellectuals, totaling 261 persons. (Yuan Changlin), a 44 year-old mechanical engineer, former deputy secretary of the county CPC Committee and county governor, received the most votes. The prefectural CPC Committee proceeded to approve his appointment as secretary of the county CPC Committee. This democratic election was supported by the cadres and masses and reflected the masses' wishes in a concentrated way. It has provided experience for reforming the cadre system and speeding up the four transformations of the leadership groups.

The main methods used were as follows: The upper levels did not call the tune; instead, the masses were fully trusted and the popular will was respected. The election process was carried out in two rounds. In the first, on the basis of full discussion, those attending the meeting were allowed to make their own nominations, and the result of the vote for the nominees was announced on the spot. In the second round, 11 people were nominated. The county CPC Committee Standing Committee decided after study that the four comrades receiving the most votes should be counted as the second-round nominations. Career outlines of these four cadres were printed and distributed, and the participants in the meeting could thus democratically assess their strong and weak points. Another election was held after repeated comparisons, and the name of the person who received the most votes was reported to the prefectural CPC Committee for examination and approval. The entire election process was a full expression of democracy.

1. 2 Apr 85

PRC REGIONAL AFFAIRS  
SOUTHWEST REGION

Q 1

CHENGDU PLA CHECKS UNHEALTHY TENDENCIES

HK310159 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 30 Mar 85

[Text] Since the beginning of this year, discipline inspection commissions at all levels in Chengdu Military Region have carried out a serious inspection of production operations in their units. The regional discipline inspection commission has also carried out concentrated investigations in five units and seriously dealt with illegal and irregular behavior.

The discipline inspection commission of the regional logistics department found that in January this year a unit purchased 20 old vehicles from the Duyun motor transport company in Guizhou for 16,500 yuan each, and resold them to the (Jinglan) company in Shuangliu County, Sichuan, for 27,000 yuan each, thus making a profit of 210,000 yuan. The CPC Committee of the logistics department should be dealt with after an inspection report had been written.

One cadre of the special forces department [the Zhong bing bu] of the military region headquarters bought an old Jiefang truck from the engineering regiment in Lhasa, Xizang, in July 1983 and another one from the military region logistics department in October 1984. The purchases were made in the name of a joint venture run by his father. He made a profit of nearly 10,000 yuan on this deal. The CPC committee and discipline inspection commission of the units directly subordinate to the headquarters are now studying the handling of this case.

The military region recently issued a notice demanding that all units and organs refrain from slackening vigilance against new unhealthy trends. They must strictly enforce orders and prohibitions and prevent the occurrence of similar problems in the future.

SICHUAN PERFORMS FAMILY PLANNING WORK WELL

OW231220 Beijing Domestic Service in Mandarin 2230 GMT 10 Mar 85

[Text] According to a report by RENMIN RIBAO reporter (Luo Maocheng), our country's most populous province, Sichuan Province, did a solid and in-depth job in family planning work with marked achievements last year. Its natural population growth rate was 0.4 percent, a reduction of 0.205 percent from the year before, and its family planning rate was 87.26 percent.

In family planning work, Sichuan Province has persisted in regarding ideological education, contraception, and constant work as major tasks, instead of carrying out shock movements. Medical units in various localities of Sichuan have universally established family planning technical service groups which catered to the needs of the grassroots levels, provided convenience for the masses, and carried out services at remote rural houses. They have not only performed surgical operations for husbands and wives of child-bearing age, but also treated gynecological diseases, thus winning deep appreciation from the masses.

In the past several years, based on a relatively simple work style, a small number of family planning cadres in rural areas would inconsiderately impose fines on people who did not implement family planning, thus creating adverse opinions among the masses. Some of the opinions spread at that time said: "When farm machinery cadres arrived, they were served eggs; when party and government cadres arrived, they were served tea and rice; and when family planning cadres arrived, they were hit by shoulder-poles."

But today, with an attitude characterized by the heart of a dear mother, the advice of a grandmother, and the love of a sister, many family planning cadres persist in visiting single-child households, newlywed couples, postoperative households, and fined households to make as many friends as possible, thereby winning the trust and support of the masses.



1. 2 Apr 85

PRC REGIONAL AFFAIRS  
NORTH REGION

R 1

TIANJIN MAYOR'S SPEECH AT RURAL WORK MEETING

HK271151 Beijing GUANGMING RIBAO in Chinese 18 Mar 85 p 1

[Exclusive XINHUA report to GUANGMING RIBAO by Yan Jingjing: "Li Ruihuan Speaks of Four 'Changes' at Tianjin Rural Work Conference"]

[Text] Smooth progress in rural work will be ensured only when great attention is attached to four "changes." Mayor Li Ruihuan of Tianjin made this remark in a speech delivered at the recent Tianjin rural work conference.

Attention Should Be Attached to Changing With the Times

In recent years, Tianjin has scored great successes in its rural work, and the people are pleased with them; but it does not mean that they are satisfied. Compared with Beijing, Shanghai, and other places, Tianjin's rural work is still lagging behind. A most pressing matter is that our ideology must keep pace with the developing situation. Over a long period of time, there have been bondages in the minds of some cadres: First, the ideological influences of "leftism," ideas such as "the poorer, the more honorable," "developing commodity production means developing capitalism," "enlivening the economy will turn the nation revisionist," so on and so forth. Second, the concept of a small-scale peasant economy, without any knowledge of the commodity economy and trade. Third, they are used to state monopoly of purchases and marketing. All of this is out of step with the new phase of development in the rural economy. We must be determined to overcome "leftist" influence, break away with the concept of small-scale peasant economy, and change the idea of sticking to conventional rules, while we must handle affairs based on the law of the commodity economy, and establish the concepts of the market and competition.

Arbitrary Changes Must Be Guarded Against, and Changes Must Go Along With the Tides in Conformity With the Developmental Direction

Changes should not be allowed to deviate from the general direction. The rural areas should focus their attention on the big city of Tianjin. They should serve the people in the big city, foreign trade, and exports, and make the rural population wealthy by rendering such services. The aim of only making money, which deviates from this direction, will never make the people really rich; even if a small number of people do get rich, they are not justifiably so.

Changes should not deviate from actual conditions. Tianjin is a big open city, an important port, and trade center in the north. The categories of waste hillslope, uncultivated land, shoals and water surface in Tianjin each cover an area of 300,000 mu. Large amounts of agricultural and animal husbandry produce such as chestnuts, cabbages, red beans, rabbit fur are exported from Tianjin port. All these are Tianjin's advantages, which must be fully made use of if we are to make money.

Changes should not be made without regard to the overall situation. True, we talk about exchange at equal value and taking into consideration the interests of each party in a deal; however, we should not start from money in everything, saying no to anything profitless. At any time and at any rate we should not forget that ours is a socialist country led by the Communist Party, and that only when the whole is safe will the parts be able to exist and develop. We should by no means require the state to go on giving us subsidies when there is an increase of income in the rural areas, when the peasants are becoming well-off, and when there is an increase in the output of agricultural and sideline produce. If every unit should want to gain something at the expense of the state, their partial interests will hardly be maintained in the end.



Harmony should be taken into consideration when changes are made. The development of things always starts from the parts, and there is always an order of priority and a difference in their rates of development. However, the leadership should consider the overall situation and prevent the initiative of some people from being repressed when that of others is brought into play. Therefore, the county leadership in the suburban areas should carefully study the question of harmony in reference to the policy on distribution regarding those engaged in farming, sideline occupations, and trade, and see to it that the differences in their income with the same amount of labor should not be too great; otherwise, the rural areas will become unstable, and some developmental production will not be able to continue.

Changes should be made by relying on genuine talent. The great change under way is a good chance to train talented people. Encouragement and rewards should be given to those people who are bent on reform, who have exerted efforts and rendered meritorious services, and they should be made rich first. However, we should also realize that because of our lack of experience, the incompleteness and imperfection of our regulations and systems, and the fact that the all-round reform has not yet been fulfilled, some people are taking advantage of the situation. These people have no genuine talent, and they are not doing any solid work but following crooked ways and seeking exorbitant profits. We should be vigilant against them.

#### Changes Should Be Conducted in the Direction of Becoming Civilized and Cherishable

The rural areas should become better and better. They should not only become materially rich, but also attach attention to spiritual civilization. We must persist in grasping the building of the two civilizations simultaneously. Money is not the sole criterion by which to judge people's living standards; the development of public welfare undertakings and the improvement in morality and public health should also be taken into consideration. Tianjin should continue to grasp well the construction of some towns in the rural areas in 1985, and there should be still greater changes. With regard to public welfare undertakings, priority should be given to solving the problem of drinking water for the peasants. By the end of 1985, 90 percent of the peasant households will have running water, and the age of carrying water in buckets will finally conclude by the end of 1986. Next, the energy problem in the rural areas should be solved. In 1985, 4,000 large-type methane generating pits will be built; every township should conduct one or two experiments on the utilization of solar energy; and where conditions are ripe, small-type thermal power stations can also be built. Next is the development of public welfare facilities; every village should have its own barber's shop, and a public bath house if conditions exist; and a nursery should be established in every village, and a home for the aged in every township.

#### Conditions for Change Should Be Created

In the first place, we should create conditions on a self-reliant basis, and build our hometown with our own funds, specialities, and natural resources. At the same time, conditions should also be provided for by all departments. The transition to commodity production and modernization in suburban counties is not just a question that concerns agriculture itself, but the common task for all trades and professions. To support the rural areas means to develop oneself; if the suburban counties fail to come up, and if problems arise in supply to the city, the whole work in the urban areas will be affected.

HEILONGJIANG LEADER ON TRADE WITH SOVIET UNION

HK310846 Beijing ZHONGGUO XINWEN SHE in Chinese 0739 GMT 31 Mar 85

[Report: "Heilongjiang Governor Chen Lei Says It Is Necessary To Vigorously Develop External Economic Ties" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 31 Mar (ZHONGGUO XINWEN SHE) -- At an interview granted exclusively to a ZHONGGUO XINWEN SHE reporter, Chen Lei, Heilongjiang governor and an NPC deputy, said that Heilongjiang should vigorously develop external economic relations, trade in general, and trade with the Soviet Union in the border areas and the interaction between the peoples of the two countries.

Chen Lei, who is known as a "diplomatic governor," has gone abroad seven times in 3 years, thus paving the way for opening Heilongjiang to the world. At present, Heilongjiang has established friendly province-prefecture, province-state, and province-province relations with the prefectures, states, and provinces of Japan, the United States, and Canada, respectively. In Hong Kong and the United States, it has established six economic or trade firms and some offices. In addition, it has established extensive economic ties with more than 20 provinces, cities, and autonomous regions. So far, Heilongjiang has executed 56 projects of all types funded with foreign capital and has conducted transactions valued at \$330 million.

According to Chen Lei, Heilongjiang and the Soviet Union share a boundary over 3,000 kilometers in length. So far, it has opened three cities, namely, Suifenhe, Heihe, and Tongjiang, to the Soviet Union. Since 1983, the bilateral trade in the border areas has flourished. Heilongjiang exchanges soybeans and corn, with which the Sanjiang plains abound, and daily industrial goods for the Soviet Union's rolled steel, cement, and pure soda. In 1984, the volume of the import and export trade in the border areas was more more than 27 million Swiss francs, an increase of more than 30 percent over 1983. It is expected that the figure could reach 50 million Swiss francs this year. The friendly intercourse between the peoples of the two countries is becoming increasingly frequent.

LIAONING APPROVES CONSUMER GOODS PRODUCTION

SK290322 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 28 Mar 85

[Text] Recently, the provincial government approved a decision calling for adopting 4 measures to increase the production of 7 categories of 63 consumer goods varieties in short supply, including washing machines, color television sets, refrigerators, woolen goods, silk products, aluminium, and stainless steel. A total of 1.6 billion yuan in funds is planned to help increase the production of light industrial commodities.

The four measures are as follows: The province plans to make an additional 1.25 million kWh of electricity available to light industrial enterprises every day. The 23 key enterprises engaged in the production of brand-name and quality products will be supplied with sufficient electricity for use in production. While the province will distribute major raw materials for production use to light industrial enterprises in line with planned quotas, the province may use foreign exchange to import raw materials in short supply in the province. The province will give preferential guarantees for implementing technological improvements and importing equipment for light industrial enterprises in an effort to achieve good economic results at an early date.

SHAANXI LEADER URGES NO SLACKENING IN GRAIN

HK020147 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 1 Apr 85

[Excerpts] Speaking at a recent conference on water conservancy work, Provincial CPC Committee Deputy Secretary Mou Lingsheng stressed that the province must not neglect grain production and must attach importance to changing the conditions for agricultural production. He demanded that water conservancy work be focused on promoting steady growth in grain output.

Mou Lingsheng said: Shaanxi has reaped bumper grain harvests for 4 successive years. Output last year exceeded 20 billion jin, which was unprecedented. However we must certainly not neglect grain production on that account. We must take a long-term view of the grain issue, and must not become slack in the slightest. We must correctly analyze the grain situation. According to last year's output, there was 690 jin of grain available per head of the population, lower than the national average.

Mou Lingsheng pointed out: The current grain surplus that has appeared is only a low-level surplus; it is only called a surplus in terms of solving the food and clothing problem; it is a relative surplus, without allowing for grain conversion. This surplus cannot meet the needs of large expansion of animal husbandry, of the multi-level processing of grain, or of the foodstuff and fodder industries.

While stressing that importance must be attached to grain production, Mou Lingsheng also pointed out that we must certainly not go back to the old road of taking grain as the key link. He said: The experiences of history have proven that that is certainly not the way to solve the grain problem. Readjusting the rural production structure is another great reform in the rural areas following the institution of production responsibility systems. It will bring about a rational mix of the entire rural economic structure and will also develop into a benign cycle, thus creating still better material basis and technical conditions for grain production.

Mou Lingsheng said: We have not done so much or achieved a great deal in changing the conditions for agricultural production in recent years. The big increase in grain output is mainly a result of the party's rural policies. Favorable weather has also concealed a number of problems in our work. We must see this point in a truth-seeking way. We would be unable to withstand a great drought of 100 or 200 days, without mentioning other natural disasters. The effective irrigated area of farmland in the province has now declined, and some water conservancy facilities have aged, been discarded as useless, or suffered damage. We must pay sufficient attention to these problems.

Comrade Mou Lingsheng said: The comrades of the water conservancy departments must invigorate their spirits, eliminate leftist and outdated concepts, be bold in reform, and strive to explore ways to reform the management and planning systems.



CHINA POST: INDICTMENTS IN HENRY LIU MURDER

OW011201 Taipei CHINA POST in English 27 Mar 85 p 10, 11

[Text] Three high-ranking military intelligence officials were indicted as joint principal offenders, or for assisting, in a homicide by the military prosecutor yesterday in the slaying of Henry Liu, a Chinese-American writer in the United States last October.

Bill of Indictment

The Military Prosecutor of the Ministry of National Defense Republic of China, No (74) Lue Che (Chu) Chi 014 dated March 26, 1985

Defendants: Wong Hsi-ling, male, 58, born July 18, 1926, a native of Hangchow, Chekiang Province. Vice Admiral (military serial no 601153), director Defense Intelligence Bureau, Ministry of National Defense. Detained.

Hu Yi-min, male, 58, born October 28, 1926, a native of Tungyang County, Chekiang Province. Army major general (military serial No509867), deputy director, Military Intelligence Bureau, Ministry of National Defense. Detained.

Chen Hu-men, male, 41, born June 8, 1943, a native of Liaoyang County, Liaoning Province. Army colonel (military serial No DI 309009), deputy chief of the Third Department, Defense Intelligence Bureau, Ministry of National Defense. Detained.

Investigation into charges of homicide against the above listed suspects has been completed. The finding is that they are to be publicly indicted. The criminal facts, the evidence, and the articles of law violated are as follows:

Criminal Facts

Wong Hsi-ling served as the Defense Intelligence Bureau's director; Hu Yi-min, the bureau's deputy director; and Chen Hu-men, deputy chief of the bureau's Third Department. (All three have been suspended from duty.)

In July 1984, having been introduced by Pai Ching-jui, Wong made the acquaintance of Shuai Yueh-feng and Chen Chi-li, both members of the Bamboo Union gang. The two claimed that their gang had wide connections in the United States, the Philippines, and Hong Kong, and they offered the gang's services to the Intelligence Bureau to organize intelligence operations on the Chinese mainland.

Since Wong was eager to make marked progress in his job and tried to exploit all available opportunities, he did not give any consideration to the propriety of association with criminal elements, nor did he report his initiative to his superiors in accordance with the stipulated procedures; but casually accepted Chen and Shuai's offer. On August 2, 1984, Chen Chi-li, at the invitation of Pai Ching-jui and Shuai Yueh-feng, accompanied the two to an Intelligence Bureau guesthouse for a dinner with Wong Hsi-ling. It was there that Wong, in impromptu circumstances, introduced Hu Yi-min, deputy director of the bureau, to Chen Chi-li and the others.



## To Teach a Lesson

The conversation following the dinner included an admonition that the Bamboo Union must end the illegal activities of its members, and instead, employ its connections in the development of intelligence operations on the mainland. During the course of the conversation, Wong Hsi-ling mentioned that Henry Liu, once educated here and favorably treated in this country, in frequent writings was denigrating this government and trying to smear this country's image. Chen Chi-li, then, immediately declared that such persons should be taught a lesson and indicated that he, himself, could be trusted with the assignment. Wong Hsi-ling made no comment on the offer at this time.

Since Henry Liu had a relationship with the Intelligence Bureau, and Wong had just got wind of information that Henry Liu was not happy with him, personally and further, that Liu meant to initiate actions detrimental to him, Wong was mulling over some way to stop Liu. Considering Chen's offer, Wong later agreed that Chen should give Liu a lesson during Chen's forthcoming trip to the United States, thus serving Wong's purpose of halting activities by Liu unfavorable to himself (Wong). Hu Yi-min and others present did not say anything.

Wong Hsi-ling subsequently approved Chen's request to participate in an intelligence course at the bureau's training center, appointing Hu Yi-min to arrange the training for Chen Chi-li and, also, for Shuai Yueh-feng. Chen and Shuai were told to report to the training center on August 14, 1984 to undergo training with Class 621.

Chen Chi-li's assumed name (for intelligence purposes) was Cheng Tai-cheng -- trainee No 73063. Shuai Yueh-feng's assumed name was Hsieh Cheng-yeh -- trainee no 73064. Chen Hu-men was appointed to be their training coordinator during the short-term training period. Subjects of the training included ciphered messages, film developing, coded communications, radio transmission and reception, photography, briefings on the Chinese mainland, etc.

## Wong Gave Approval

On the morning of August 15, when Wong Hsi-ling went to visit Chen Chi-li and Shuai Yueh-feng at the training center, Chen Chi-li again brought up the matter of giving Henry Liu a lesson, and asked for background information on Liu. Although Wong was able to foresee the serious consequences implicit in Chen Chi-li's mission, Wong, nonetheless, gave his approval. After completion of the training August 18, Chen Hu-men exchanged phone numbers with Chen Chi-li and continued to serve as liaison for Chen Chi-li.

Later, in early September, as Chen and Shuai were ready to leave for the United States, Wong Hsi-ling asked Hu Yi-min to obtain a color photo of Henry Liu, Liu's address, and other reference materials from Su Tung-feng of the bureau's Fifth Department, and to give them to Chen Hu-men.

Chen Hu-men and Hu Yi-min personally delivered the information on Liu to Chen Chi-li at the latter's private club, where a get-together had been arranged for them.

On September 14, 1984, Chen Chi-li, taking along his wife, Chen Yi-fan, and accompanied by Shuai Yueh-feng, left for the United States. Chen Hu-men went to the airport to see them off.

## Surveillance of Liu

Chen and Shuai, arriving in Los Angeles, met with Bamboo Union members in that area. Proceeding then to San Francisco, they made a surveillance directed at Henry Liu according to the address that had been given to them. Then Shuai, making excuses, returned to Taiwan on September 22.

Chen Chi-li discussed a plan to kill Henry Liu with two other Bamboo Union members, Wu Tun and Tung Kuei-sen, who had, successively, traveled to the United States from Taiwan. They came to the decision that Wu and Tung were to execute the killing, while Chen would stay behind to answer possible calls for help.

About 7 a.m. on October 15, 1984 Wu and Tung, armed with handguns, proceeded to Henry Liu's residence at 74 Hillview Ct. Daly City, California. Finding the door of his garage open, they sneaked inside and waited for Liu to appear. About 9 a.m., when Liu came downstairs, Wu immediately shot him in the head. Tung Kuei-sen then stepped forward and shot two bullets into Liu's abdomen.

Henry Liu died as a direct result of the bullet wounds.

Vice Admiral Wong Hsi-ling, director of the Defense Ministry's Intelligence Bureau, Maj. Gen. Hu Yi-min, Wong's deputy, and Col. Chen Hu-men, a department head, were removed from office and placed under military custody on Jan. 15.

(The three suspects -- Chen Chi-li, Wu Tun, and Tung Kuei-sen -- are now being tried for complicity in homicide by the Taipei District Court).

## Deal Concluded

Chen Chi-li, following the killing, made a phone call to Chen Hu-men, stating, among other things, "The deal is concluded."

Chen Chi-li later contracted Chen Hu-men by telephone several times in Los Angeles and Houston, and Chen Hu-men, then conveying Wong Hsi-ling's instructions, urged Chen Chi-li, along with Wu Tun and Tung Kuei-sen, to return to Taiwan at the earliest possible date. On October 20, the three set off to fly back to Taiwan from the United States. Following a stopover in Tokyo, they arrived in Taiwan about 9 p.m., October 21, and were met by Chen Hu-men at the airport. On October 24, Wong Hsi-ling invited Chen Chi-li and Shuai Yueh-feng to the Intelligence Bureau guesthouse for a dinner meeting. On this occasion, following Chen Chi-li's report to Wong Hsi-ling concerning mainland intelligence gathering and on the killing of Henry Liu, Wong offered U.S. \$20,000 to Chen to cover travel expenses, but Chen declined the money.

When the murder of Henry Liu became a major story in both the Chinese and English-language press in the United States, Wong began to realize that the course of action he had adopted was critically improper and had entailed very serious consequences; even so, he did not report the situation to his superiors.

On November 12, 1984, the government launched its "Clean-Sweep Campaign" against organized crime, in the course of which Chen Chi-li was arrested.

During subsequent interrogation conducted by the Investigation Bureau of the Ministry of Justice, Chen Chi-li implicated Wong Hsi-ling, Hu Yi-min, and Chen Hu-men in the murder of Henry Liu.

The Investigation Bureau of the Ministry of Justice, in turn, sent a communication to the Ministry of National Defense requesting that his case be handled in accordance with law.

Evidence and the Articles of Law Violated:

A. Concerning Wong Hsi-ling:

1. Factual reports confirm how defendant Wong Hsi-ling, at times and places stipulated above, made the acquaintance of Chen Chi-li and Shuai Yueh-feng and how he intended to make use of their connections for the development of intelligence operations on the Chinese mainland; how he met Chen Chi-li again and discussed giving Henry Liu "a lesson" and, at Chen's request, gave him, through Chen Hu-men, Liu's photo, address, and other necessary information; how Chen Chi-li accomplished the murder of Henry Liu in the United States, then, returning to Taiwan, reported to Wong Hsi-ling; and how Wong offered Chen Chi-li U.S. \$20,000 in travel expenses, which was declined by Chen Chi-li etc. These matters are not only described in detail, individually, by the three joint defendants, Chen Chi-li, Hu Yi-min, and Chen Hu-men, concerning their respective roles, but are verified in the signed testimonials of witnesses Shuai Yueh-feng and Pai Ching-juí. The criminal facts are hereby ascertained.

As for Chen Chi-li's charge that during his short-term intelligence training, Wong Hsi-ling had told him: "Henry Liu must be killed. If he is found, given treatment, and recovers, the matter will become very serious." Wong Hsi-ling denies it, contending that he referred to a "lesson" at that time, without further explanation, and did not mean Liu should be "put to death" at all. When interrogated, others also present -- Shuai Yueh-feng, Yang Chih-hsiang, Hu Yi-min, and Chen Hu-men -- all denied hearing such an instruction.

However, Wong Hsi-ling knew clearly that Chen Chi-li was a leader of a criminal organization who had undergone penal rectification, and who had a previous criminal record of implication in homicide. Wong provided Liu's photo and address, and other information about Henry Liu; he consented to Chen Chi-li's offer to give Henry Liu a "lesson," but did not make it clear what the so-called "lesson" really meant.

Liu Grudge Against Wong

Additionally, Hsia Hsiao-Hua, Ching Tzu-hsuan, and Su Tung-feng testified that Wong Hsi-ling had learned that Henry Liu had a grudge against him and that Liu was going to initiate actions to Wong's disadvantage. By inference, not only was the possibility of Chen Chi-li's murder of Henry Liu foreseen by Wong Hsi-ling, but its occurrence was not contrary to Wong's will.

The facts of the situation are clearly covered by paragraph 2, Article 13 of the Criminal Code: Unspecific intent. (Dolus Eventualis)

2. In view of the explicit activities of defendant Wong Hsi-ling, he is charged with violation of the first paragraph of Article 271 of the Criminal Code. Although defendant Wong did not personally engage in the act of murder, he has shown unspecific intent in connection with the collaborated offense of homicide, having discussed action against Liu in advance with Chen Chi-li, who was afterwards an accomplice in the killing with Wu Tun and Tung Kuei-sen.



According to the interpretation No 109 by the Council of Grand Justices of the Judicial Yuan, any person who, of his own intention, commits an offense and plots in advance with others, should be considered a joint principal offender, a full accomplice in crime although the central criminal act was executed by only part of the group. Defendant Wong Hsi-ling is, thus, a joint principal offender for the crime of homicide.

B. Concerning Hu Yi-min:

1. During the interrogation of defendant Hu Yi-min, he did not deny that defendant Wong Hsi-ling had discussed with Chen Chi-li the matter of giving Henry Liu a "lesson" at places and times stipulated above, and he contended that he, himself, did not express any opinion at all on that occasion.

2. The factual report detailing how Wong Hsi-ling had directed Hu Yi-min to obtain Henry Liu's photo and address, and other information from the Fifth Department of the bureau; how he brought them to Wong Hsi-ling; and how Hu, subsequently, accompanied by Chen Hu-men, delivered the information to Chen Chi-li, is not only testified to in every detail by Wong Hsi-ling, but also verified in the signed testimonials of witnesses Su Tung-feng and Lu Tzu-hung.

Therefore, defendant Hu Yi-min was clearly aware that Wong Hsi-ling and Chen Chi-li had discussed giving Henry Liu "a lesson." And he then obtained Henry Liu's photo and address, and other information to assist Wong Hsi-ling and Chen Chi-li in the collaborated offense of homicide. Hu Yi-min intentionally assists another to commit a crime and takes part in acts other than as stipulated in the constituent elements of the crime, he must, accordingly, be construed as an accessory as defined by the Criminal Code. Examining his actions, it is evident that he is implicated in the offense of assisting in a homicide according to the first paragraph of Article 30, and the first paragraph of Article 271 of the Criminal Code.

C. Concerning Chen Hu-men:

1. During the interrogation of defendant Chen Hu-men, although he did not deny the fact that he was the training coordinator for Chen Chi-li and Shuai Yueh-feng during the period of their short-term intelligence training; that he was the liaison for them after either their training; and that he gave Henry Liu's photo and address, and other information to Chen Chi-li, Chen Hu-men contended that he did not overhear Wong Hsi-ling asking Chen Chi-li to teach Henry Liu a "lesson;" and that he did not know Wong Hsi-ling's intentions when Wong ordered him to deliver Henry Liu's photo and address, and other information to Chen Chi-li.

2. Investigation has revealed that following Chen Chi-li's accomplishment of the murder of Henry Liu in the United States on October 15, 1984, Chen Chi-li made frequent telephone calls to Chen Hu-men; that in one telephone conversation, Chen Chi-li declared: "the deal is concluded"; and that Chen Hu-men urged Chen Chi-li and others to return to Taiwan as soon as possible. These matters were not only verified in Chen Chi-li's detailed statement in connection with the investigation of the Investigation Bureau of the Ministry of Justice and of this Ministry of National Defense, but further substantiated by the fact that Chen Hu-men was at the airport to meet them when Chen Chi-li and others went to the United States and returned to Taiwan.



It is clear that when Wong Hsi-ling ordered Chen Hu-men to deliver Henry Liu's photo and address to Chen Chi-li, Chen Hu-men was aware that the delivery of this material concerning Henry Liu to Chen Chi-li was an act of assistance to Wong Hsi-ling and Chen Chi-li in the joint offense of homicide. This is a demonstration of intent to help others in the commission of a crime with acts accomplished other than those stipulated as constituent elements of the crime.

Chen Hu-men must be construed as an accessory as defined by the Criminal Code. In view of his specific actions, Chen Hu-men is accused of assisting in the offense of the homicide according to the first paragraph of Article 30, and the first paragraph of Article 271 of the Criminal Code.

D. Public indictment is hereby brought in accordance with the first paragraph of Article 145 of the Military Trial Statute. (For any legal purpose the original Chinese text will prevail)

#### ENVOY REGRETS U.S. ATTITUDE ON BOAT INCIDENT

OW010600 Taipei CHUNG KUO SHIH PAO in Chinese 27 Mar 85 p 1

["Special dispatch" by reporters Chen Hao and Tsao Chi-jen from Republic of the Korea]

[Text] According to information from related sources, the decision that the entire crew, including the mutineers, of the Chinese Communist torpedo boat be returned to Communist China is the result of a common wish shared by the United States, Korea, and the Chinese Communists. Hsueh Yu-chi, Republic of China ambassador to Korea, expressed his personal regret.

At a 25 March meeting between U.S. Ambassador Walker and Korean Foreign Minister Yi Won-kyong to discuss the case, both sides freely exchanged views. They concluded that the principle for dealing with the case would be decided by the promptness of the Chinese Communists' reply to Korea's demand for an apology. If the Chinese Communists apologized, the United States would endorse the return of the entire crew to Communist China.

The information sources pointed out: The view expressed by U.S. Ambassador Walker to Yi Won-kyong reflects the U.S. State Department's position on the case. In fact, the United States and Korea share identical views on the case. That is, Korea's investigation of the mutiny case is unquestionable. The mutiny took place on the high seas. Since it was an internal struggle on a Communist torpedo boat, both the United States and Korea believe that the problem should be simply regarded as a case of intrusion of a Communist China naval vessel into Korea's territorial waters. Therefore, if the Chinese Communists apologize, the problem will cease to exist.

Prior to the meeting between U.S. Ambassador Walker and Yi Wong-kyong, ROC Ambassador Hsueh Yu-chi and Walker exchanged views. Ambassador Hsueh said that they had not talked about the case.

After Korea made its decision, Ambassador Hsueh issued a statement expressing regret over the United States attitude toward the case. He also said that the United States had held the same attitude in its involvement in the case concerning the six freedom seekers in the past. Ambassador Hsueh said he is personally responsible for his regret as expressed above.

'INSIDE STORY' ON REMOVAL OF BANK OF CHINA HEAD

HK011446 Hong Kong CHENG MING in Chinese No 4, 1 Apr 85 p 11

[Article by Chan To: "Inside Story of the Replacement of the President of the Bank of China"]

[Text] According to sources in Beijing's top leadership, Jin Deqin, president of the Bank of China, was discharged from his post and was prosecuted before the Spring Festival. This time, Jin Deqin lost all his posts in the party and the government. The position of president of the bank has been temporarily taken over by Zhao Bingde, the first vice president of the bank.

I was puzzled by this event and immediately asked what serious mistakes Jin Deqin had committed. Jin should be now in his "prime" and had not reached retirement age. He was always regarded as an ideal successor to Bu Ming. Not long ago, he met with the press and talked about his bank's development measures in 1985. Why did his fate change so suddenly?

My friends in Beijing told me this background story: Beijing's financial situation in the first three quarters of 1984 was quite good, but things worsened in the last quarter. The main reason was that during that period, every department and unit at every level rushed headlong into squandering money. They recklessly issued bonuses, raised wages, and gave gifts by using large amounts of public money. The central authorities in Beijing then realized that these irregularities would certainly affect the development of the whole national economy and set back the ongoing economic reforms. So the CPC central leadership and the State Council issued more than 10 urgent circulars in succession in order to "check the new unhealthy trends" which would do harm to things in all fields in the country. They ordered that leading bodies at all levels must immediately stop doing things that might disturb the economy and set back the reforms.

However, some people continued to defy and resist these central directives. The Bank of China represented one of the most serious cases.

Reportedly, an inner document enumerated three main "crimes" committed by Jin Deqin. First, he agreed to raise the wages of the bank's whole staff; second, he allowed two woollen business suits made to measure for each of the staff; and third, he approved the issuance of excessive post allowances to the bank staff.

It is said that some top leaders of the central authorities were greatly annoyed at such things at the Bank of China. They pointed out that as the Bank of China is a banking organization specializing in the handling of foreign exchange, how dare it take the lead in squandering money in violation of the relevant policies! So the authorities concerned decided to take an "ironfisted" measure in order to achieve the effect of "killing the chicken to frighten the monkey" by discharging Jin Deqin from his post as president of the Bank of China and prosecuting him.

Bu Ming, chairman of the Board of Directors of the bank, who is well-known to people in Hong Kong, is not involved in this trouble, because he has not handled concrete administrative work at the bank in recent years.

In fact, in order to deal with the new irregularities, the Chinese authorities have not only issued a series of documents, but have also uttered warnings through the party organs, requiring leading cadres throughout the country to guard against the new unhealthy trends. For example, RENMIN RIBAO carried on the first page on 18 February

a commentator's article entitled "Guarding Against Rushing Headlong Into Mass Action." It pointed out: "Some things may be good in the context of one unit but are not necessarily so in the context of the whole country; they may be good from a narrow angle, but not from a broad angle. If all units vie with each other in doing such things, they will certainly stir up several gusts of evil wind, such as using public funds to make clothes, indiscriminately paying out bonuses and goods in kind, and so on. Some comrades may have become vigilant against 'mass actions' of the style of the 'Great Leap Forward' and the 'Cultural Revolution,' but they are still keen on 'rushing headlong into mass action' to seek selfish interests for their own units. They dare to do anything that other's do; they hurry to do things on which no specific policies have been laid down; and they do in a disguised way things that are prohibited by the policies. The result of this is that the individuals or small groups might gain some temporary advantages, but the result is to disrupt reforms and cause ideological confusion. This is extremely detrimental to the overall work and to the long-term interests of the whole people."

Recently, when receiving the graduates of a cadre class at the Central Party School, Hu Yaobang also spoke of the newly-emerged irregularities. He said: Since the beginning of the economic reforms, two gusts of evil wind have appeared in some localities and departments. One is the fact that some party and government institutions and some mass organizations, or some personnel in these organizations, have involved themselves in speculation; and the other is that some enterprises recklessly raise the prices of their goods. He said that apart from these two gusts of evil wind, there are still some new unhealthy tendencies: first, recklessly paying out bonuses; second, recklessly promoting staff to higher wage scales; and third, giving extravagant gifts to each other.

Then Hu Yaobang uttered a serious warning against all this: "As we are carrying out the party rectification, some people are stirring up such unhealthy tendencies! One of the principles for our party rectification is to 'not recklessly bludgeon people' or to not recklessly mete out punishments to cadres. This is correct, but it is not all. Those who have committed mistakes must be criticized or punished as they deserve. If we let the evil tendencies spared unchecked, our party will become completely corrupt!"

This shows that China's reforms are still faced with certain difficulties at present. The impact of the evil trends seems quite serious. The CPC is coping with the evil trends by means of party rectification. It is people's hope that the CPC will really and seriously rectify its organizations and its style rather than just putting on a cosmetic show as before. If the previous stage of the party rectification was not a cosmetic show, how can the new evil trends emerge before the old ones are overcome?

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